FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

FBIS-LAT-96-056
Thursday
21 March 1996

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FBIS-LAT-96-056 *21 March 1996*

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Inter-American Affairs: U.S. 'Stopped' Nations' NAFTA Entry

PA2003233396 Madrid EFE in Spanish 1819 GMT 20 Mar 96

[FBIS Translated Text] Cartagena (Colombia), 20 Mar (EFE) — Morris Harf, Colombian foreign trade minister, today said in Cartagena that the United States stopped the integration of more nations from the continent into the NAFTA, which the United States, Mexico and Canada have created.

"The United States stopped the process for the entry of some countries into that integration system. Chile was the first one in line, followed by Colombia. None of these countries have been called again due to internal difficulties between the U.S. Government and Congress," Harf told reporters.

The Colombian minister, who is attending a business forum and a meeting of all the continent — excepting Cuba — of foreign trade ministers in Cartagena, made the aforementioned statements when commenting on the fact the United States wants the Free Trade Area of the Americas [FTAA] to be negotiated as an extension of NAFTA.

"There are different ways to achieve the integration by the year 2000 and we are now proposing different alternatives (...) NAFTA is only one option that exists for integration to take place," Harf explained.

Another alternative "is that we continue to advance in the consolidation of the processes that are being carried out in the region," such as the Common Market of the South (Mercosur), the Andean Pact, and the "G-3" [Group of Three] consisting of Mexico, Venezuela, and Colombia, the minister added.

According to Harf, "all these integration processes must continue to advance in order to get to the year 2005 and unify said processes into one single area of economic integration."

"Having to accomplish continental integration through different schemes does not indicate they are exclusive. On the contrary, these processes should be complementary to advance in the process of consolidating commercial blocs," the Colombian minister added.

However, he accepted that this goal can also be achieved "by expanding one of the blocs, which could be NAFTA, or through the adoption of a scheme similar to the one proposed by the World Trade Organization (WTO)."

Ministers from 34 countries are gathered in Cartagena to try to lay the foundations for the negotiation of the FTAA, which is planned for the year 2005 as the largest world common market, with one seventh of the world's population and one third of the planet's wealth.

Inter-American Affairs: Mexico, C.A. on Trade Pact Talks

PA2103015896 Mexico City NOTIMEX in Spanish 2327 GMT 20 Mar 96

[Report by Edelmiro Franco]

[FBIS Translated Text] Cartagena [Colombia], 20 Mar (NOTIMEX) — Mexico hopes to conclude free trade agreements with Central American countries and to consolidate others with the rest of the region in one year, Herminio Blanco, secretary of commerce and industrial development, said today.

The Mexican commerce secretary this Wednesday made a presentation at the Business Forum of the Americas, in which he addressed the issue: "Different Paths Toward Hemispheric Integration."

Blanco highlighted the progress in the negotiations of free trade agreements between Mexico and different Central American countries, which he termed "very successful."

He stated that the negotiations of an agreement with Nicaragua have been 98 percent completed and predicted that the final document may be signed in three months.

He noted that conversations have already begun with Panama to negotiate a free trade agreement, and the process of discussions with the countries of the so-called Northern Triangle, comprising Honduras, El Salvador, and Guatemala, which had become bogged down, has resumed.

"The meeting of Tuxtla Gutierrez II that was held in Costa Rica has given political momentum to the negotiations with countries from the Northern Triangle," Blanco underscored.

The first conversations have begun with Belize to define the instruments that allow the parties to establish commercial flows between both nations.

He expressed that "in one year at the latest we will have compatible agreements that may later take us to a general agreement with Central America."

Blanco termed "very successful" the agreements signed with the Group of Three (G-3), comprising Mexico, Colombia, and Venezuela, as well as those with Bolivia and Chile.

The commercial exchange between Mexico and Chile increased by fourfold since the free trade agreement between both countries went into effect.

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The NAFTA with the United States and Mexico has permitted that 97 percent of the bilateral trade flow "without problems," Blanco affirmed.

He announced future commercial accords with Ecuador, Peru and the countries that form the Common Market of the South (Mercosur), namely Brazil, Argentina, Uruguay, and Paraguay.

Blanco also proposed that the negotiations to establish the Free Trade Area of the Americas (ALCA) be guided by the provisions of the World Trade Organization (WTO) and that "clear and transparent" norms be established.

The Mexican secretary supported the idea that the governments of the continent give greater participation to the private sector in the ALCA-2005 project.

"The advancement of ties with the production sectors is fundamental" to guarantee the success of the hemispheric integration initiative, he commented.

The Business Forum of the Americas, with the participation of over 1,200 businessmen from the continent, is taking place at the same time the so-called "Commercial Ministers Summit" of the American continent is held.

Inter-American Affairs: OAS Leader on Drugs, Corruption

PA2103023896 Mexico City NOTIMEX in Spanish 2155 GMT 20 Mar 96

[Report by Edelmiro Franco]

[FBIS Translated Text] Cartagena de Indias, 20 Mar (NOTIMEX) — OAS Secretary General Cesar Gaviria today asked governments to exert themselves in the struggle against drug trafficking, corruption, and terrorism.

"We must strengthen our democracies and counter threats against them, including corruption, drug trafficking, and terrorism," the OAS secretary general said in his address to the Business Forum of the Americas.

Expounding on the topic "The Integration of the Americas and a Strategy for the Next Decade," he explained that, to guarantee the pledges assumed at the Miami Summit in December 1994, governments must also conserve their political will, maintain the flow of trade, and guarantee a social policy.

Gaviria said these pledges show the construction of Free Trade Area of the Americas (ALCA) is not only "an economic exercise. It involves one of the most ambitious political projects announced in the continent."

He said it would be useless to achieve progress on trade issues if democracies collapse all around, "undermined by corruption, or if people rise against freedom of enterprise because they erroneously consider it responsible for the governments' incompetence."

The OAS secretary general insisted that, to attain commercial integration, it is essential to "defend economic reform in America and strengthen democracy and its freedoms."

He added: You will be able to better understand the issue of poverty and social policy only by understanding the economic policy of integration as a combination of social and political forces.

It is necessary to "significantly increase our savings rates and guarantee rational, transparent public and private investments" to achieve the ALCA-2005.

He warned that "macroeconomic volatility has been the main enemy of integration and the stability of free trade policies," adding that this "is mainly the result of an insufficient level of internal savings, the excessive dependence on external financing, and the incorrect allocation of resources."

The OAS secretary general said the objective conditions are given in Latin America to attain ALCA-2005, and he mentioned as an example the fact that protectionist policies have been exhausted in all the countries of this area.

Countries in this region also learned the lesson of traumatic costs derived from the loss of control in the "fiscal balance and monetary and financial stability," he said.

He emphasized: "Integration is impossible without stability or consistent economic policies at regional level."

Another factor that shows the viability of ALCA-2005 is that the customs tariff average in Latin America during this decade is 13 percent, and the interregional trade in the Common Market of the South (Mercosur), has increased 30 percent per year since 1992.

He added that trade between Latin America and the Caribbean increased 20 percent in 1995 and interregional exports doubled between 1992 and 1995.

Gaviria also valued like a positive sign the fact that exports of Andean Group countries doubled in recent years.

Lastly, he said that countries in the continent are not "willing to return to olden times of isolationism and protectionism. That is not possible and, if it were tried, this would only cause damage to whoever opts to turn his back to world realities. [no end quotation marks as received]

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Cuba

Cuba: Helms-Burton Law Said Against U.S. Constitution

PA2003135196 Havana PRENSA LATINA in Spanish 0219 GNT 20 Mar 96

[By Jorge Valdes]

[FBIS Translated Text] Havana, 19 Mar (PL) — Raul Amaro Salup, president of the Cuban Supreme People's Tribunal, today condemned the recently approved Helms-Burton law, stating that this measure contradicts the U.S. Constitution itself.

Amaro Salup told PRENSA LATINA that these individuals — to whom this law grants the right to claim properties from the Cuban Government — were not U.S. citizens when this alleged expropriation took place.

"Therefore, he said, they are given a legal amparo (...) that violates other current U.S. provisions."

Last Tuesday, President William Clinton made this law official. This law radicalizes and attempts to internationalize the blockade against Cuba, citing, as a pretext, last 24 February's incident in which two pirate planes from Florida were downed for violating Cuban airspace.

Amaro Salup stated that the Helms-Burton law attempts to overrule a standard that is valid everywhere: the right to expropriate or to nationalize, underscoring that "it exists in every legal system, including those that existed before the victory of the 1959 revolution."

The president of the Supreme People's Tribunal added that Washington knows these provisions, but it reacts as if it did not accept the laws of others "while it intends to assert only its own laws."

According to Amaro Salup, the ups and downs in the current U.S. electoral campaign will affect Clinton's willingness to either extend — or not extend — the period for enforcing the most controversial paragraph of this U.S. law, which provides for sanctions against third countries that economically cooperate with Havana.

The Helms-Burton law gives the U.S. President the prerogative to postpone the statute's implementation — currently on hold until August — for periods of six months, at the White House's convenience. But the intentions must first be explained to Congress.

Several clauses in the anti-Cuban legislation place trade sanctions on those individuals, entities, or nations, who "traffic" with properties supposedly confiscated by the Cuban Government after 1959.

Most of the world communmity and Washington's main allies have viewed and denounced the measure as a clear violation of international trade rules.

Canada, Mexico, Chile, the EU, and, most recently, Nicaragua and India, have challenged the U.S. initiative before the WTO, although none have yet filed a formal protest that would require the arbitration of this international organization.

Cuba: Radio Discusses Opposition to Helms-Burton Law

PA2003121796 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Mar 96

["Straight Talk" program with journalist Eddie Jimenez and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Good afternoon, friends. This is Straight Talk here on Rebelde. Why is the world against the Helms-Burton law? This is the topic we will discuss today with journalist Eddie Jimenez. Eddie, I believe that our people are well aware of the world condemnation of this law. I also believe that we need to clarify that not at every moment and not everyone who has condemned the law has done so to support Cuba, instead they have done it to defend themselves. I invite you to present your analysis.

[Jimenez] I can divide this topic into three parts: Why is the world against Helms-Burton, from the global point of view? Why are certain world institutions against Helms-Burton? That would be the U.S. NAFTA partners, the EEC. Why are certain countries in particular also condemning this monster?

[Rodriguez] People of different walks of life and with different motivations have come to agree on a condemnation. There are certain close friends of Cuba who are against the blockade and will, of course, be against anything cooked-up against Cuba.

[Jimenez] And others who are not so friendly and are, however, also against the blockade and Helms-Burton.

[Rodriguez] There could even be those who agree with certain U.S. policies but nonetheless do not agree with this one.

[Jimenez] I would say that overall, the Helms-Burton law is a unilateral U.S. mechanism that extends the powers of the U.S. courts to non-U.S. enterprises and people, who in addition, live abroad and have no reason to abide by U.S. laws. Logically, this is unacceptable for any self-respecting country. Also, from the global point of view, this U.S. law defies all international regulations on the world's trade and foreign investments.

[Rodriguez] Is this viable, Eddie? Before we go on analyzing this — pardon me for interrupting you. Could the U.S. really apply this law extraterritorially?

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[Jimenez] It is going to take a lot of work, Oswaldo. Undoubtedly it will take a lot of work. I believe that we should dedicate an entire program to this specific problem, a third program to this series.

[Rodriguez] Ah, you intend to continue?

[Jimenez] Yes. I mean that the next program we do will be dedicated to Cuba and Helms-Burton and if whether the U.S. is really going to be able to enforce this law all the way.

[Rodriguez] Well, this is a public promise you have to keep. I know you always keep your word.

[Jimenez] Let us go on to the third point. In addition to all this, the law places the interests of U.S. domestic policies — current interests, of course, because tomorrow the interests toward Cuba on this could be different — above the interests of other states and foreign entrepreneurs.

[Rodriguez] And above the interest of U.S. entrepreneurs as well.

[Jimenez] Above the interest of many, but many U.S. entrepreneurs who wish to invest in Cuba. The overall perception is that this is a law that attacks the world and it is only logical that from the global point of view everyone should react against it. Just as you said at the beginning, Oswaldo, only in this way can one understand why such dissimilar countries — let us say from the economic point of view, such as some G-7, or Group of Seven, members, the world's most important industrialized countries such as Canada, Britain, France — agree on this. Some of these, such as the last two, France and Britain, are members of the UN Security Council, and are against the law. On the extreme opposite, very poor and small countries such as Haiti and Honduras, which are among Latin America's most poor, also agree in condemning Helms-Burton. We can see that from the global point of view it attacks all humanity.

[Rodriguez] Yes. It is normal for Mexico, such as has happened, to go as a bloc. In fact, a wire dispatch I was reading recently said that somewhat unusual in the Mexican political spectrum is that all the political parties came to an agreement on a single idea.

[Jimenez] Of course.

[Rodriguez] But that is normal in Mexico to be anti-imperialist and defenders of our fatherland by idiosyncrasy. This law harms the world and is not only to block Cuba.

[Jimenez] We have discussed the world interests that are hurt by this law, which reduces the existing commercial agreements to simple useless documents. As we said, there are also the regional organizations' particular interests. Let's consider a key agreement: NAFTA, signed between the United States, Canada, and Mexico. This agreement represents the interests of an important group. NAFTA stipulates that there will be no borders between its member countries regarding goods and services. But the Helms-Burton law denies this. Mexican or Canadian businessmen who dare do business with or invest in Cuba are denied U.S. entry, and this includes their relatives.

[Rodriguez] Yes, of course.

[Jimenez] Imagine. We are no longer dealing with investing in the United States or just crossing the border to visit for business, pleasure, or whatever. The investments and business of persons and companies in the United States would be affected and penalized by this law.

[Rodriguez] This reminds me of the U.S. Government's drive both inside and outside of their country to have the Helms-Burton bill approved. Well, it appears the bill would have been approved anyway. But it had not been supported by an overwhelming majority in the Congress. Taking the opportunity provided by the incident of the aggression on our country by two light planes that were downed over Cuban waters, they appealed to the U.S. public's warmongering and sentimentalism, they attempted to create this same climate in the rest of the world. Well, Foreign Minister Roberto Robaina told of the hostility of the delegations he encountered at the United Nations. The climate changed gradually as our country presented its arguments because the rest of the delegates had been peppered by the U.S. propaganda.

[Jimenez] You know the U.S. Government is used to mounting shows like that.

[Rodriguez] Yes, but I really want to call your attention to this. Despite all the politicking, the countries and governments did not react the same way regarding the Helms-Burton bill. They reacted violently as soon as the bill was announced. In other words, the U.S. propaganda did not in the least influence them. Now that we have presented our arguments to all the world, the countries are even more convinced that there is no justification for such a measure.

[Jimenez] In the case of the signing of the Helms-Burton bill, the show and propaganda have been for local consumption only. The show included President Clinton signing with several pens, then giving the pens away as souvenirs. It was a show for the television cameras.

[Rodriguez] Right. It was all a shame.

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[Jimenez] Now, going back to the subject. Let's consider some organizations, such as EEC. Something similar happens with EEC member countries, which have a profitable trade with Cuba and have invested in our country in important sectors such as tourism and oil prospecting. The United Kingdom and Spain have interests in Cuba. There are group interests, just like those in NAFTA.

[Rodriguez] Why is the world against Helms-Burton? This is the question that we ask ourselves here in Straight Talk and journalist Eddie Jimenez is replying.

[Jimenez] Specifically, in Latin America, this goes without saying. For example, why does the Rio Group condemn it? Simply because tomorrow, in the face of any controversy with the United States, they [the Rio Group member states] could suffer the same fate. This terrible card is being dealt to very close partners such as Canada, Mexico, the EU, it can also perfectly well also be dealt to any Latin American country, which are far weaker.

[Rodriguez] Of course.

[Jimenez] Now, let's look at the individual interests. Let's take Canada. Cuba is Canada's number one economic partner in the continent. More than 100,000 Canadian tourist visit Cuba every year.

[Rodriguez] Additionally, there's the port commercial trade.

[Jimenez] Indeed. Trade already surpassed $400 million this past year. Canada must feel very affected. Canada has very important business dealings with Cuba, not only in tourism, but also in nickel, and oil. France also has these.

[Rodriguez] In addition to the sovereignty that is trodden.

[Jimenez] The sovereignty of a people!

[Rodriguez] Rule the world from the White House.

[Jimenez] Of course.

[Rodriguez] Or from the Congress, because this is a congressional law.

[Jimenez] Of course. Take Latin America, for example; 30 percent of Cuban foreign trade is with America. Latin American countries must also feel very affected. Russia deserved a special mention. The law mentions Russia by name. The idea is to prevent by all means that Cuba operate the Juragua Nuclear thermoelectric plant, with Russian assistance, in this case. Let it be clear about the financing assistance because we are going to pay for it. The idea is for the Russians to gain nuclear technology here in the tropics. The law intends to sever all ties that the former Soviet technological business already installed here in Cuba. The law attempts to sever the sugar for oil swap. These are things that affect the people and the government very directly.

[Rodriguez] Of course, there are other countries such as France, with which we trade commercially, perhaps not as much. Always, in the case of Cuba, the French Government — well, Mitterrand's government and the current one — have always distanced themselves from U.S. policy toward Cuba, as if it were stressing a sovereignty and independence of French policies from the United States.

[Jimenez] France not only opposed the law, but spoke a bit in the name of the EEC, to state that they do not look kindly that EU businesses with Cuba be limited. Additionally, the United Kingdom, which from the political point of view is closer to the United States than France, also rejected the blockade.

[Rodriguez] They even sent letters on behalf of the government in very harsh terms. Furthermore, there is Spain and Germany, which have strong economic interests that could be affected with this law. I believe Europe, in general, directs many commercial transactions with Cuba, however, the two aforementioned countries lead...

[Jimenez, interrupting] That is why at the beginning of the program I said that from a global, particular, as well as from the point of view of economic groups, this law harms all U.S. partners and those who try to trade with Cuba.

[Rodriguez] We have only one minute left. Therefore, please draw a summary of your ideas and explain to the listeners why is the world against the Helms-Burton law?

[Jimenez] For the same reasons I mentioned at the first program on Friday. I would like to emphasize that they want to implement a type of Platt Amendment on us and now they are doing the same with world investments and trade.

[Rodriguez] They have gone too far.

[Jimenez] They went too far this time. A condemnation of their acts should be issued.

[Rodriguez] Will this law fail?

[Jimenez] It has to fail.

[Rodriguez] In the long or short term?

[Jimenez] Some parts of it will fail in the short term. We already saw it. How could they make the Security Council issue a condemnation against Cuba?

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[Rodriguez] Of course, not.

[Jimenez] Some parts will fail in the short term, others in the medium term — and we might not be that lucky — others will fail in the long term. But it is bound to fail.

[Rodriguez] Well, I invite you to come back as you promised to discuss the Helms-Burton bill. I thank you for being here today.

Cuba: Commentary Views Immigration Lottery Program

PA2103014596 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Mar 96

[Commentary by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] The implementation of the special program for the immigration of Cubans is among U.S. duties in keeping with the immigration agreement signed with Cuba on 9 September 1994.

This program, which is a draw or lottery of visas, was applied for the first time between 15 November and 31 December 1994. On that occasion, the lottery resulted in approximately 5,000 visas for Cuban residents, 18 years of age, who did not necessarily have close relatives in the United States.

Since then and until now, according to sources from the U.S. Interests Section (Sina), approximately 8,400 Cubans have benefited from the program and immigrated to the United States. The difference between the 5,000 visas drawn and the more than 8,000 beneficiaries is a result of the families that were able to immigrate with the people who were randomly chosen.

On 15 March, the U.S. Government announced a second lottery of visas. The eligibility criteria and registration procedures are similar to those of 1994, however, there are some differences: This time, the number of visas to be drawn was not disclosed and 55 years of age is the age limit for those who are interested in legally immigrating through this program.

The application form, to be returned by mail to the Sina, should include the applicant's full name and general information, as well as the name of the spouse and children who are single and under 21. The applications will be received between 15 March and 30 April 1996. Only one form per applicant will be accepted, if there are more, the applicant will be disqualified.

The winners will be notified by the Sina, where they will called for an interview. A visa will be granted to applicants who fulfill two of the following three requirements: Applicants should: 1. Have at least a high school education. 2. Have at least three years of working experience. 3. Have a relative in the United States.

Additionally, the applicant must pass a medical exam, have no police record, and demonstrate that he will not become a burden to society as established by U.S. immigration law.

This time, although the application forms should be sent by mail, Sina personnel are also receiving the forms from applicants outside of the building, resulting in the agglomeration of people and traffic jams on nearby streets. This situation could result in unnecessary incidents, contrary to the wishes of Cuban authorities, who have fully cooperated in every sense, as demonstrated in the repeated announcements for this second lottery made through the media.

Political experts have warned that this arbitrary action could hinder future development of at least this program. We must take into account that the Cuban Government expressed willingness to continue complying with the accords signed with the United States on immigration, despite the fact that the U.S. President approved the adoption of recent measures against Cuba in the Helms-Burton law, which strengthens the economic blockade.

However, there are sectors in the United States that oppose the immigration accord and who are making everything possible to break the agreement reached on immigration, which is the only one so far.

Cuba: CTC Member on Provincial Session of 17th Congress

PA2103050896 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Havana's provincial session of the 17th Congress of the Cuban Workers Federation [CTC] will be held on 19 and 20 March. Reporter Pepe Suarez obtained the following exclusive statements from Jose Rafael Pacheco Ramirez, member of the CTC in Havana.

[Begin Pacheco recording] Well, in this provincial conference, first of all, we are seeking to discuss in depth how to march together with our working class and make every effort to increase economic efficiency at each and every working center in the capital. We also seek ways to meet the plan and eliminate the unprofitable character of a group of enterprises which we still have in the province. This is only means by which we will able to truly tackle the economic situation of the country, in which the capital plays a very important role. [end recording]

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Haiti

Haiti: Preval Expects 'Fruitful Exchange' From U.S. Visit

PA2003233296 Port-au-Prince Signal FM Radio in Creole 1230 GMT 20 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Haitian President Rene Preval will have today his first work day in Washington. He is beginning a four day visit to the United States. Rene Garcia Preval will discuss today with several high officials of the Clinton administration during a meeting with the U.S. state secretary for agriculture.

Due to the interest showed by the Haitian president for boosting the agricultural sector in the country, (Dan Cligman) will share with the presidential team the experiences he had in this field, according to what a source close to the Haitian delegation has reported. A small group of technicians including the minister of agriculture, Gerald Mathurin and members of the private cabinet of the president of the Republic will assist Preval during the discussions he will have, according to the same source. Important national safety issues will be tackled during this day as the Haitian president will have a meeting with Secretary of Defense William Perry, and [words indistinct] will consider the new forms of cooperation to guarantee national security and reinforce the U.S. support in favor of the National Police.

Furthermore, Haitian Foreign Affairs Minister Fritz Longchamp confirmed the Haitian Government's willingness to discuss the return of the documents of the Revolutionary Front for the Promotion and Progress of Haiti, and of the Haitian Armed Forces which were confiscated by U.S. soldiers in order to protect the interests of the U.S. citizens who supported the putschists from 1991 to 1994.

On the resumption of activities including the structural adjustments program, the ministers of economy and planning will participate in a private conversation between President Preval and AID Administrator J. Brian Atwood. The Haitian president took a stand in favor of a true diplomatic and economic collaboration with the United States. During a meeting he had with Haitian and foreign journalists at the Miami International Airport, on his short stopover at Miami, the Haitian president pointed out the importance of this tour that will allow him to improve the relations existing between Haiti and the United States. While answering the questions of Signal FM's special envoy Jean-Pierre Leroy, President Preval said he hopes a true collaboration will develop between the two countries through exchange of projects with the main sponsors [words indistinct] in Washington. The following are statements by the Haitian President Preval.

[Begin recording] [Preval, in progress]...so the situation, the relations that were good can improve, and the process may continue.

[Leroy] Mr. President, what do you expect in concrete terms from this visit to Washington?

[Preval] Well, a strengthening of the links between the United States and the Republic of Haiti, an open and fruitful exchange with the main sponsors who have their headquarters in Washington and also a fruitful dialogue with the private sector through [word indistinct] and also we will give press conferences [words indistinct] press clubs [preceding two words in English] and so on. [end recording]

Haiti: Radio on U.S. Aid Linked With Economic Reforms

PA2103000996 Port-au-Prince Signal FM Radio in Creole 1230 GMT 20 Mar 96

[From the "0730 Appointment Newscast"]

[FBIS Translated Text] The question of privatization in Haiti will be the topic of discussion of Haitian President Rene Preval with U.S. officials during his visit to the United States, according to what the State Department said yesterday. Our objective is to focus on the importance of the continuation of structural reforms in the Haitian economy, State Department Spokesman [first name indistinct] Davis said.

President Rene Preval arrived in Washington on the afternoon of 19 March. He announced on 18 March that he will authorize a series of privatizations in the electricity and telephone sectors. According to a State Department official who wanted to remain anonymous, Washington links the international aid it can provide to Haiti with the setting up of the economic reforms. The United States is allegedly going to give Haiti an aid package of $4.6 million and the World Bank is ready to release $100 million to the country if President Preval confirms the launching of the economic reforms, according to what the official explained. The U.S. Congress has (?frozen) $8 million in additional aid that the United States can give Haiti for development in the fields of health, environment, infrastructure, and medium-sized companies.

President Preval is in the United States where he arrived on 19 March. He is due to have several meetings with the U.S. officials and the privatization issue — as the State Department said — will be at the center of the discussions the Haitian president will have with the U.S. officials during his visit to the United States.

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Haiti: President Preval Calls Privatization 'Necessity'

PA2103001096 Port-au-Prince Signal FM Radio in Creole 1230 GMT 20 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Privatization is a necessity, according to President Rene Preval. However, he stated that it must be in the interest of the population. During a press conference he held in the United States, Preval said that Haiti's situation is very serious. His responsibility is to get money to have the country move forward, that is, negotiations with the international financial agencies, he added.

[Begin Preval recording, in progress]...urgency. The urgency is to get the money because if we do not reach the agreements, we will lose about... [pause] all the aid with the balance...[pauses] all the aid with the budget and with the balance of payments which is about $200 million. So, this is a necessity. [passage omitted] My position is that the state does not provide the services it is supposed to, that is, when you are in a country where... [pauses] If you really want people to come and invest, if you want Haitians to invest, they must be able to get a telephone, they must be able to get a telephone for their business within a few days. They must not wait for one year to have a telephone. When their telephone is out of order, they must not wait for one month before it is fixed. [passage omitted] It is not possible that you are living in a country where you want people to come and invest while there is no electricity. Now, what is our position? Our position is that one must fight with whatever weapon one has in one's hands. [end recording]

Haiti: Survey Says Most Deputies Agree on Privatization

PA2003233196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 20 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Most deputies agree with a partial privatization of the state-owned enterprises. However, they believe that the state should have the majority of the shares, according to the results of a little survey carried out at the Parliament yesterday by Signal FM. However, the deputies expressed some reservations as to the possible shareholders of these enterprises. [passage omitted]

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Mexico: Meetings To Begin With U.S. on Helms-Burton Law

PA2103010896 Mexico City NOTIMEX in Spanish 2320 GMT 20 Mar 96

[By Edelmiro Franco V.]

[FBIS Translated Text] Cartagena, 20 Mar (NOTIMEX) — Herminio Blanco, Mexican secretary of commerce and industrial development, announced here today that the consultations of Canada and Mexico with the United States on the effects of the Helms-Burton law on commercial exchange will begin on 12 April.

In statements to NOTIMEX, Blanco announced the date for the consultations after meeting with Arthur Eggleton, Canadian international trade minister, and he reported he also plans to talk to U.S. Secretary of Commerce Ronald Brown.

In the meeting with Eggleton, Blanco added, the rejection of Canada and Mexico of the extraterritorial provisions of the Helms-Burton law — which U.S. President William Clinton signed to tighten the U.S. embargo against Cuba — was reaffirmed.

Regarding the announced private meeting with Brown this Wednesday, the official stated that the likely consequences of the law on the functioning of NAFTA, among the three countries, will possibly be discussed.

Washington has decided to strengthen the embargo on Cuba as a reprisal for the downing, by Cuban fighter planes, of two aircraft belonging to Cuban expatriates living in the United States. The incident occurred in late February, causing the death of four crew members.

The Helms-Burton law establishes future penalties for foreign investors and businesses that trade with Cuba and allows suits in the United States against the persons who "trade" properties confiscated by the Cuban Government.

Blanco said that in the meeting with his Canadian colleague, they also discussed how the two governments will continue to work together to prevent situations where the "antidumping law is abused."

The Mexican official is participating, in Cartagena, Colombia, in the Business Forum of the Americas, and the meeting of 34 trade ministers from the continent, to move toward establishing a Free Trade Area of the Americas. The meeting ends tomorrow, Thursday.

Mexico and Canada requested consultations with the United States to clarify specific points of the law, and how it will be implemented against investors from these two countries, the Mexican commerce secretary remarked.

Blanco noted that the request for consultations was presented, by common agreement between Canada and Mexico, to the United States, with hopes of obtaining "broad information" that allows them to seek appropiate mechanisms to resolve the controversy. He explained that the consultations with the United States are very important to know "what to do and what steps we should take to protect our investors in Cuba."

Blanco said that if the Mexican Government is not pleased with Washington's explanations, it will appeal before international organizations such as the WTO to protect Mexican investments on the Caribbean island.

The position of Mexico in all forums is to make the principle of sovereignty be respected, and if any government promotes "unilateral measures that adversely affect national sovereignty, we will disagree," Secretary Blanco concluded.

Mexico: Officials View Military Maneuvers With U.S.

PA2103035196 Mexico City LA JORNADA in Spanish 18 Mar 96 pp 1, 8

[Report by Jesus Aranda]

[FBIS Translated Text] There is no precedent of any kind for joint Mexican-U.S. military maneuvers, and there is no need to change that traditional policy of our country, military sources have stated.

General Luis Garfias, chairman of the National Defense Committee of the Chamber of Deputies, said that all military cooperation between Mexico and the United States is positive so long as it does not entail yielding our sovereignty or subordinating the Mexican Armed Forces to the U.S. forces.

Victor Carlos Garcia Moreno, UNAM [National Autonomous University of Mexico] international law expert, noted that the holding of joint military maneuvers in the future or the arrival of the U.S. Army in Mexican territory would require Senate approval of these kinds of actions; afterward, the president would have to issue a decree granting his approval.

In the opinion of Mario Saucedo, secretary general of the Democratic Revolution [PRD], the announcement by U.S. Secretary of Defense William Perry along these lines is "worrisome" since this is interpreted as another signal that the country is yielding its sovereignty to the northern neighbor.

Garcia Moreno, in turn, recalled the Mexican Government's traditional stance of refusing to send troops abroad — even when the United Nations has requested Mexico's support in peacekeeping missions — because

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that would mean that a peacetime army, such as ours, would have to leave the country despite the longstanding policy of nonintervention and respect for the sovereignty of other states.

He also mentioned Mexico's reticence to participate actively in continental agreements on matters of mutual defense, such as the Rio Treaty.

On this aspect, he recalled that despite U.S. insistence, Mexico attended the Defense Ministers Summit held in the United States last July only as an observer. On that occasion, Jesus Silva Herzog, Mexican ambassador to the United States, headed the country's delegation, unlike most of the nations of the continent that were represented by their defense ministers.

This means, Garcia Moreno noted, that military cooperation outside our borders is unacceptable for Mexico.

PRI [Institutional Revolutionary Party] deputy Luis Garfias said that any kind of cooperation with the armed forces of another country must guarantee the protection of Mexican institutions such as the Armed Forces.

Garfias, an officer on leave, stressed the importance that the protection and the integrity of national sovereignty have in this kind of cooperation.

The officer said that Mexican territory must not be invaded by forces from another country, based on agreements with other nations, as it happened in the past when U.S. troops made incursions on the national border area seeking delinquents.

PRD leader Saucedo said that the government must explain the scope of last Saturday's announcement by Secretary of Defense Perry.

He said that this is something that had not happened in years, and that if does take place it would be one more indicator of the Mexican government's "subservient" policy to U.S. interests.

"We do not know what kinds of commitments the Ernesto Zedillo government has acquired, but Perry's announcement is worrisome," said Saucedo via the telephone, while participating in a PRD march in Villahermosa, Tabasco State.

The Jalisco politician commented that if the military maneuvers between Mexico and the United States are indeed held, this will confirm the "annexationist" nature of the treatment it is giving Mexico.

Mexico: Zedillo Comments on Sovereignty of Oil Resources

PA2003231796 Mexico City NOTIMEX in Spanish 2152 GMT 18 Mar 96

[FBIS Translated Text] Ciudad del Carmen, 18 Mar (NOTIMEX) — Mexican President Ernesto Zedillo reaffirmed today the country's sovereignty over its oil resources and said he advocated the strengthening of government-owned Mexican Petroleum (Pemex) company.

At the commemoration of the 58th anniversary of the oil expropriation in Ciudad del Carmen, President Zedillo asserted that the country's oil resources "are and will continue to belong to the Mexican people."

In his speech on this oil island off the Gulf of Mexico, approximately 1,200 km to the west of Mexico City, the Mexican president expressed his "firm and irreversible commitment" with a strong Pemex.

It is necessary to strengthen Pemex so that "it can continue to be a company that upholds a balanced and just growth, in accordance to the Mexican people's objectives, the president explained.

"This view and commitment must be honored with decisions that must invariably adhere to the law and with actions that will give Pemex new financial vigor," Zedillo asserted. The president headed the ceremony to commemorate the 58th anniversary of the oil industry's nationalization.

He asserted that the necessary resources will be given to the country's main company so it can have a productive expansion and contribute to the state's actions in favor of national development.

Pemex Director Adrian Lajous Vargas pointed out in his speech that the company's main challenge is to prepare "for the 21st century" by furthering a reduction in costs and risks with technologies and services that are available in the market.

Ciudad del Carmen is the seat of Pemex's off-shore activities and the most important hydrocarbon producing region in the country. It produces somewhat more than three-fourths of the national oil production, Lajous Vargas indicated.

The official reported that during the first half of March, "the production (of hydrocarbons) reached the highest level in its history with 2.2 million barrels per day of crude oil and 1.6 billion cubic feet of natural gas per day."

"The annual value of this production surpasses the $12 billion based on the prices that prevail in the market

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today," the Pemex director explained to authorities, sector representatives, and workers who attended the event.

He recalled that the oil abundance in Campeche, where the Campeche drilling site is located, is exceptional and this is reflected in the high rates of production and profitability. The site started to be exploited 17 years ago.

From 1979 to date, the accumulated production of crude oil obtained in this region is equivalent to 80 percent of the extraction in the rest of the country, since the exploitation of this resource initiated, he added.

According to Lajous Vargas: "The Campeche drilling site is one of the most important in the world."

During 1995, the price of crude oil produced along the coast of Campeche increased to $14.30, while production cost was $1.86.

"The more than $12 difference reflects the magnitude of the economic profit that comes from tapping a natural resource that is owned by all Mexicans," Lajous Vargas stated.

He reiterated that "the current institutional framework of the petroleum industry guarantees that the entire revenue caused by this resource will be received by the state."

Mexico has a tremendous petroleum potential along its coasts as attested by growing number of activities taking place in the area, the Pemex director explained.

"During the past three years, 64 percent of all wells located in the Sound were classified as producers while 93 percent of those wells being developed were successful," he added.

The director of Mexico's main state-owned enterprise pointed out that implementation of new technologies will allow Pemex to significantly reduce costs and risks. "Technological changes presuppose and are closely linked to organization changes," he explained.

Lajous Vargas stated that Pemex is prepared to do whatever is necessary to comply with environmental regulations currently in effect and "will adjust its operations" to improve the petroleum industry in the Gulf of Mexico.

He asserted that in those cases where ecological damages attributable to Pemex should take place, these would be covered by the state agency "by observing the basic precept of whomever pollutes pays for the damages caused."

Lajous Vargas disclosed that during 1995, Pemex had been able to meet its main objectives and that in some cases it had even surpassed forecasts and expectations.

In addition, he added that during 1995 Pemex, as the country's main revenue contributor, had received gross utilities amounting to $13.237 billion.

"We are speaking about a 70-percent increase in real terms with respect to 1994. Expressed in U.S. dollars, the percentage increase amounted to 20 percent," he indicated.

Carlos Romero Deschamps, secretary general of the Union of Petroleum Workers of Mexico (STPRM), stated during the same ceremony that Pemex has the opportunity to spearhead the reorganization of a new type of enterprise.

"Changes are called for in employee-worker relationship as result of the financial and commercial globalization in which we are all involved, to which we must also add the influence of technological progress on management, which is an issue we cannot deny," he stated.

According to the STPRM leader, in recent years a "reclassification" of more than 150,000 jobs has taken place in activities such as drilling, construction, maintenance, general services, while the number of trusted employees [empleados de confianza] has also increased.

He pointed out that no new petroleum region has been discovered during the past 20 years, qualified employees are either being laid off or retired and no new hirings are taking place. Even the profession of petroleum engineer would seem to be destined to disappear.

Mexico: Zedillo Views Oil Expropriations Anniversary

PA2103004596 Mexico City LA JORNADA in Spanish 19 Mar 96 p 49

[Text of speech by President Ernesto Zedillo during ceremony marking the 58th anniversary of oil expropriations at the Mexican Petroleum Exploration and Production sea terminal in Laguna Azul, Campeche on 18 March]

[FBIS Translated Text] Dear governors of the states of Campeche, Chiapas, Tamaulipas, Tabasco, and Veracruz;

Federal and state legislators;

Senator Carlos Romero Deschamps, secretary general of the Trade Union of Petroleum Workers of the Mexican Republic;

Directors and employees of Pemex [Mexican Petroleum];

Ladies and Gentlemen:

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It is with deep emotion that I come to Ciudad del Carmen to commemorate a decision of courage and national dignity that the people of Mexico made on 18 March 1938.

It is with special pleasure and joy that I come to Campeche to share with you another anniversary marking the oil expropriations that was headed by President Lazaro Cardenas and supported by men and women from around the country.

It is with great respect that I pay homage today to the historic vision and social leadership with which President Cardenas defended the national interest and guaranteed the strategic use of our natural resources.

Today, and for the past 58 years, oil is the heritage of all Mexicans!

Today, and for the past 58 years, oil is a symbol of our sovereignty and the bastion of our nationalist convictions!

Today, and for the past 58 years, oil is a fundamental resource for a national development that is equal for all regions, communities, and Mexican families!

That is why today, and for the past 58 years, here in Campeche, next to the workers, I emphatically reaffirm that the oil resources are and will continue to be for the Mexican people!

I reassert that the Mexican people are exercising, and will continue to exercise, full sovereignty over our oil. It is an inalienable sovereign right stemming from a legacy of historic struggles, and it is a determined commitment by us all!

I reaffirm that, as an essential part of that sovereignty, the Mexican state maintains, and will continue to maintain, the overall control over oil production. The exercise of that sovereignty is best based on the Constitution, and with that, I also steadfastly reassert that my government will tirelessly see to it that the constitutional mandate of control over our natural resources is respected.

By the will of the Mexican people, the ownerships, control and production of oil and hydrocarbons is, and will be, the responsibility of the nation.

The production of our oil by and for the Mexican people is the result of an historic decision and the fruit of the effort and labor of the country's workers and technicians.

The Mexican people recognize that generation after generation of technicians and oil workers have contributed their talent and dedication to make this industry the pride of Mexico and respected as one of the world's most important. My administration will stand beside the oil workers determination to strengthen Pemex.

My administration recognizes, shares and will honor the oil workers' vision and commitment to Mexico, represented by their union leader, my friend, Senator Carlos Romero Deschamps.

Today, the workers' vision and commitment should be honored with a nationalistic policy that takes full advantage of oil for the benefit of all Mexicans.

Today, that vision and commitment should be honored with a clear and efficient policy to strengthen Pemex.

Today, that vision and commitment should be honored with decisions invariably sticking to the law and actions that give new financial vigor to Pemex.

Today, that vision and commitment should be honored by promoting a healthy growth in Pemex and strengthening its capacities in substantive areas reserved by constitutional mandate.

As president and Mexican, I have a firm and inalienable commitment with Pemex. A strong Pemex is good for the workers, good for national development, and good for Mexico.

We will strengthen Pemex by respecting the internal affairs of its union and the decisions of its workers, listening to their opinions and holding permanent talks with its leadership.

We will strengthen Pemex by providing the best living conditions for its workers and their families.

We will strengthen Pemex so that its administration will continue to yield positive results and promising progress, such as the ones being reported by its general director.

We will strengthen Pemex working together to guarantee a rational use of oil resources to benefit the Mexicans; so it may have the necessary resources for its productive expansion; and so it may continue to help the Mexican state exercise control of the nation's development and fulfill its social responsibilities.

We will strengthen Pemex by encouraging its contribution to the generation of jobs demanded by a befitting regional development; by encouraging its contribution to build infrastructure and supply the energy that industry needs; and by encouraging a better attention to the legitimate interests of towns where it operates.

We are strengthening Pemex by renewing its commitment to protect the environment, improving ecological preservation and clean-up guidelines, modernizing its

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equipment, and protecting with greater care the environmental impact of its activities.

We are strengthening Pemex so that here in Campeche and everywhere in the country it can continue to be an enterprise at the service of all Mexicans, at the service of an overall and clean balanced and equitable growth, at the service of the aspirations and goals of the Mexican people.

To strengthen Pemex is a nationalist policy with which my government is committed and will always be committed.

Based on that nationalist policy, all of us must participate in strengthening Pemex.

All of us have an obligation and a task, since in strengthening Pemex we are better protecting the patrimony of the Mexican people.

That is why it is not legitimate to try to discredit this policy. It is a nationalist policy that is sustained by the spirit of the historic struggle President Lazaro Cardenas started in 1938 with the Mexican people.

It is a nationalist policy that recognizes and takes advantage of the major transformations of the world.

It is a nationalist policy that responds to the objectives of a national, independent, and vigorous development.

Today, as it has happened throughout the history of our oil industry, world transformations and the development of Mexico demand a distinctive path to exploit oil, founded on sovereignty and the Constitution, and that distinctive path resides in the nationalist policy that we will continue enforcing with full conviction.

Today, as it has happened throughout the history of our oil industry, we will continue exploiting oil with greater efficiency and productivity, as it is done in Sonda de Campeche.

We will continue making sure that Pemex attains greater productivity so that it continues to be the pride of Mexico.

We will continue working with absolute decision and devotion, so that Pemex's management has the adequate flexibility to respond to the changing conditions of today's world, and so that it concentrates more and better on the essential tasks bestowed on it by the Constitution.

We will continue working together so that natural resources are a factor of economic growth and an instrument of more and greater opportunities and social justice.

Oil belongs to Mexicans of today and tomorrow.

Oil is a historic, strategic, and nationalist patrimony of the Mexican people, who together will be able to preserve and take advantage of it in order to build the future of the nation.

Inspired by the Mexicans of yesterday, Mexicans of today will fulfill our responsibility with the Mexicans of tomorrow.

Long live Pemex! Long live Mexico!

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El Salvador

El Salvador: Study of Legalizaton of Drug Consumption

PA2003122796 Panama City ACAN in Spanish 1430 GMT 19 Mar 96

[FBIS Translated Text] San Jose, 19 Mar (ACAN-EFE) — Salvadoran President Armando Calderon Sol has proposed studying the possibility of legalizing drug consumption in view of the failure of repressive measures that have been enforced until now to fight this scourge.

During an interview in the newspaper LA NACION published today, Calderon Sol warned that "I believe the war on drug trafficking is unsatisfactory because the problem is seen through one lens," that of the United States, the largest drug consumer.

The president, who delivered a speech before the Inter-American Press Association (IAPA), which concludes its midyear meeting in San Jose, stated that if there are people who are dependent on drugs "we would have to analyze if we can sell it to them in a special store." The president softened his statement by noting that he is not proposing legalization but a study of this possibility as a measure to fight the drug trade.

"I am making an invitation to make a profound analysis rather than the simplistic one of merely saying year after year that we are fighting drug trafficking. We have sophisticated airports and notice that this is not the solution. We must analyze other alternatives," he noted.

The head of state affirmed "we must regulate the traffic," since consumption in U.S. society is enormous, and discuss the matter openly. Nicaraguan President Violeta Barrios de Chamorro will close the IAPA meeting tomorrow.

Guatemala

Guatemala: Army Operations Suspended After Cease-Fire

PA2103023696 Panama City ACAN in Spanish 0135 GMT 21 Mar 96

[FBIS Translated Text] Guatemala City, 20 Mar (ACAN-EFE) — Guatemalan President Alvaro Arzu ordered the Army today, Wednesday, to suspend its operations against guerrilla groups throughout the country, to complement a decision adopted by guerrilla leaders, who today decreed a cease-fire in their offensive actions.

Guastavo Porras, chairman of the Guatemalan Government's Peace Commission (COPAZ), announced the presidential decision in a news conference, during which he read a brief communique in which Arzu states his "satisfaction" regarding the Guatemalan National Revolutionary Unity (URNG) initiative. The president reasserts his satisfaction for the degree of mutual confidence which "characterizes" the current phase of negotiations between his administration and the URNG, which officially met for the first time on 22 and 23 February in Mexico City, even though they had previously established four informal contacts.

Alvaro Arzu, a conservative politician who gained the presidency on 14 January, ratified his willingness to continue the peace process and conclude the military conflict as soon as possible to "build a firm and durable peace."

The URNG announced today in Mexico City the temporary suspension of its offensive military operations and attacks on Army facilities as a "substantial" contribution to the peace process' progress.

Nevertheless, it warned that it will respond in the case of Army attacks, and it will continue its political and propaganda activities.

The internal war in Guatemala, which began 35 years ago, has caused the death of approximately 175,000 persons, 45,000 are reported missing, and 1 million have been displaced, according to humanitarian organizations.

Panama

Panama: President on Helms-Burton Law, Military Presence

PA2103035296 Panama City Telemetro Television Network in Spanish 1730 GMT 18 Mar 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Excerpt] President Ernesto Perez Balladares said that a minority of Indians oppose mining development in Panama, and he warned that minority that his government will enforce the law. After inaugurating a regular meeting of the Organization of the Fishing and Aquicultural Sector of the Central American Isthmus [Organizacion del Sector Pesquero y Acuicola del Istmo Centroamericano — Pradepesca], Perez Balladares described the Helms-Burton law as a violation of international law. Axel Rivera filed a report on the president's statements on other topics of national interest.

[Rivera] President Ernesto Perez Balladares said he respects the United States' decision to deny visas to certain citizens, but he described the Helms-Burton law as a violation of international law:

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[Begin Perez Balladares recording] It cannot condemn the relations that nationals of other parties might or might not have with independent countries. [sentence as heard] I am not a lawyer, but I think this constitutes a violation of international law that should not be acceptable to the international community. [end recording] [passage omitted]

After inaugurating a regular meeting of Pradepesca, the president of the Republic sent a message to national and foreign sectors, which according to Perez Balladares, are trying sow confusion between possible talks with the United States on military presence and compliance with the Torrijos-Carter treaties.

[Begin Perez Balladares recording] They are two separate and distinct issues. The Panama Canal treaties will be fully complied with and the Panama Canal and all its surrounding areas will be 100-percent administered and owned by Panama come 1 January 2000. Panama, as a sovereign country, may hold talks with whomever it deems advisable to determine whether to maintain or reject U.S. military presence beyond the year 2000.

I think there should be no confusion or attempts to create confusion through dissemination of certain falsehoods. We must clearly understand that the decision is in the hands of Panamanians and that this is a completely sovereign decision. [end recording]

Panama: Commission To Negotiate Trade Agreements

PA2003160496 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Mar 96

[Report by Ilka Gonzalez From the "RPC Television News" newscast]

[FBIS Translated Text] The free trade agreements between Panama and other countries will be negotiated through an inter-ministerial commission that will report directly to the Presidency.

[Begin recording] [Gonzalez] The way in which free trade treaty negotiations will be conducted has caused some discussion at high government levels, because the position for a negotiator under the supervision of the Presidency has been proposed.

Regarding the free trade agreements, Commerce and Industry Minister Nitzia de Villarreal said that the commission's task will be very important, because the negotiations currently under way are of a more general nature.

[Villareal] They include many areas of various ministries. Issues such as customs, plant and animal health measures, tariffs (which involve the Finance and Treasury Ministry). Other issues to be discussed are tourism and other specific issues which demand the creation of an inter-ministerial commission. [Gonzalez] Mrs. Minister, how long will the agreement regarding the first trade agreement take, for example, with Mexico which is in an advanced stage of its negotiations?

[Villarreal] In general terms, we expect those negotiations to be concluded in one year. [end recording]

Panama: Police Investigate Network of Arms Traffickers

PA2103050196 Panama City EL UNIVERSAL DE PANAMA in Spanish 15 Mar 96 p 1

[Report by Justino Gonzalez Jr.]

[FBIS Translated Text] Authorities are carrying out investigation on a presumed network of AK-47 traffickers, operating from Panama to South America, and possibly headed by subversive groups and drug traffickers.

According to reports, the Soviet rifles recently seized in the cities of Panama and Colon are part of the aforementioned trafficking network. However, these weapons were stolen from that mafia, whose priority is to transport the weapons to their objectives in South America.

On Wednesday, National Police units arrested four presumed Colombian henchmen who tried to kidnap and kill a Colon businessman.

Carlos Alberto Abadia and Arcenio De Jesus Sosa Ramirez together with other two Panamanians were arrested at the International Hotel in Colon when they attempted to kill the businessman.

Rebels and people involved in drug trafficking are affiliated to the network. They make contacts in Central America, transport the weapons to Panama, and from there to South America.

The trafficking of weapons from Panama to South America is under investigation, as the guerrillas from Central America were demobilized, prompting the weapons to be sent to subversive groups in Peru and Colombia.

The investigations have demonstrated that Panama is used as point of transfer of weapons to South America. The report indicates that the ports are the main point for shipment of the weapons. It was also said that Panamanian citizens are affiliated to these organizations, which operate through nongovernmental institutions.

In 1995, the explosion of a steamroller loaded with arms, grenades and ammunitions caused the death of three people. These weapons were destined for Peru.

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The 29 November Liberation Movement was in charge of handling the weapons in Panama.

According to the investigations on this case, Panamanian Gaspar Lopez was working for these subversive groups and was responsible for sending the weapons to South America.

This case prompted the Technical Judicial Police (PTJ) to carry out a series of search operations, resulting in the confiscation of another load of weapons in a warehouse in Vista Hermosa.

The reports indicate that the guerrilla's form of payment is with drugs, which are sold by the people who provide the weapons.

Panama: Capital Bank Suspends Operations With Local Banks

PA2003205796 Panama City LA PRENSA in Spanish 20 Mar 96 p 1A

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] Banaico's collapse began to show a new side yesterday when Capital Bank — a major Miami-based bank with deposits in Banaico — told the financial community of this country that it has decided to sever its links with correspondent banks in Panama.

Banaico was taken over by the National Banking Commission [CBN] on 24 January due to illiquidity. This was the reason for the announcement made yesterday via fax to the entire Panamanian banking system. This announcement stresses that the Panamanian banking authorities "failed" to make Banaico comply with its financial commitments.

The document harshly criticized the government policy of guaranteeing the "recognition of the traditional nature (...) of trade." Capital Bank indicated that the decision was adopted against its will and it expressed its hope that the Panamanian bankers will be understanding.

"Since the Panamanian authorities have demonstrated their rejection of the universally accepted principles in these matters and have failed to adopt expeditious and effective measures, we felt that we had no other alternative," Kevin Flood, first vice president and manager of correspondent services, and Oscar Gomez, vice president of and regional manager of Capital Bank, maintained. Flood and Gomez were the signatories of the memorandum.

"To avoid any unnecessary difficulty and delay," Capital Bank asked the document's addressees "that all our links with correspondent banks in Panama be severed."

Oscar Gomez — contacted in Miami by LA PRENSA — questioned the conduct of Erasmo Castro, Banaico's government-appointed administrator, who told Capital Bank that Capital Bank deposits will not be paid until the CBN decides what to do with Banaico.

Two ranking Capital Bank officials came to Panama and have already met with the local banking authorities. According to Gomez, these officials have tried in vain to meet with Planning and Economic Policy Minister Guillermo Chapman, the president of the CBN.

The regional manager of Capital Bank noted that he was "disappointed" by the conduct of the Panamanian authorities. In spite of this, he voiced his confidence that the authorities will ensure compliance with Banaico's commitments after stressing that Banaico is under the supervision of the CBN, which is an official organization.

The source did not disclose the total of its deposits in Banaico. However, Gabriel Castro, executive director of the National Security Council [as published], who reacted immediately to the document's content, said that the deposits only amount to $700,000 "or perhaps even less than that."

Castro has noted that this "blackmail, extortion, and threat" has emerged because the CBN did not force the bank to pay its commitments to Capital Bank. He explained that Capital Bank cannot be paid its deposits, because "the liquidation is still pending" should the CBN recommend it.

The interests of foreign banks, Castro maintained, "are protected to the same extent as those of (local) depositors," but he emphasized that according to the law, Panamanian depositors are given precedence over foreign ones.

An anonymous CBN source downplayed the significance of the Capital Bank memorandum and referred to it as "a minor bank" in Florida that does not play in the "major leagues."

Capital Bank is a major bank in the state of Florida. Its founder and director, Abe Holz, was imprisoned in the United States for lying to a grand jury in a case of payments he made to city official Alex Daoud to obtain special treatment for his bank. Consequently, the authorities forced Holz to leave the bank.

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Panama: Discussion of Banaico's Collapse, CNB Take-Over

PA2003205896 Panama City LA PRENSA in Spanish 20 Mar 96 p 1

[FBIS Translated Text] On 24 January, the National Banking Commission (CBN) took over the Agro-industrial and Commercial Bank (Banaico) after that institution was unable to fulfill its obligations with the clearinghouse for two consecutive days.

Through resolution No. 1-96, the CNB named Erasmo Castro as the government-appointed administrator and awarded him the powers necessary for carrying out this task.

However, the seizure was implemented only after Banaico's President Manuel Salvador Castro, a Spaniard, asked the CNB to take over the institution after it failed to fulfill its obligations with the clearinghouse for two consecutive days.

However, this was the culmination of a lengthy deterioration process which was accelerated by irresponsible banking operations that would have been immediately rejected and prevented, even possibly punished, by any authority of the banking superintendency.

The problem is that in this case there were no inspections or controls to easily detect or prevent what finally occurred.

Banaico's history is one of a foreseeable collapse during which process:

—According to sources related to the CNB, Banaico's directors, through the bank's operations, accumulated loan rates reaching 54 percent, which were insecure or almost impossible to recuperate.

—The CBN, despite demanding a large number of reports from each of the 180 banks in the national banking system, has neither the capacity nor the resources to read these reports, much less to efficiently exercise its inspection duties.

—A high percentage of local national depositors has found that their deposits have been classified as "foreign" deposits. Therefore, in the case of liquidation, they will have to wait until all the depositors classified as national depositors recover their savings before they can receive one cent of what's left.

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Argentina

Argentina: Church Document Reproaches Lack of Action

PY2103000996 Buenos Aires AMBITO FINANCIERO in Spanish 19 Mar 96 p 2

[FBIS Transcribed Text] The communique released by the Social Pastoral Service which, without a doubt, is the harshest document that the church has released since 1983. Following are the points of the communique, which were drafted this afternoon at the seat of the Episcopal Conference:

— There is an urgent need to make the system more flexible and human.

— The social cost must be made more equitable, especially when the real possibilities of each sector have been taken into consideration. But the poorer sectors must be excluded because they already have a meager income that does not even cover their basic needs. We have as an example the need to establish a minimum salary that will not eventually be submitted to emergency measures and/or cuts.

— A more equitable distribution of wealth is needed.

— The hyper-unemployment and the social exclusion of a large number of citizens require urgent measures in order to reverse the current situation.

— There is no visible attempt to develop the regional economies, whose main difficulties reside in their tax situations and in the lack of support in lines of credit that are frustrated many times due to excessive interest rates and because they are excessively bureaucratic.

— The official and private banking systems are not supporting growth and development. They do not provide "working capital" even though there are requests for internal and external goods.

— The breakdown of the health system is being endured by the sectors that have low economic resources.

— The profound crisis is affecting social projects.

— The situation of the pensioners is dramatic.

— There are young people without work and with no possibility of obtaining a job.

— There is infantile malnutrition and juvenile violence.

— There has been no real launching of the preannounced massive construction of housing.

— The hasty launching of the Education Law has increased the number of unemployed teachers because the law has not been implemented in a progressive method. This is said without us referring at this time to the limitations that affect the cultural aspects in order to benefit technical sector.

— Finally, there is the urgency pertaining to the awareness and promotion of moral values that highlight the dignity of the human being which is a commitment for the authorities, the civilians, the religious sector, and the people in general.

Argentina: Administration Infighting Worries Businessmen

PY2103001196 Buenos Aires CLARIN in Spanish 20 Mar 96 pp 2-3

[Article by Marcelo Bonelli]

[FBIS Translated Text] The leaders of business associations that comprise Argentina's economic establishment on 19 March voiced their "concern" over the administration's political and economic situation. They conveyed their worries to high-ranking members of Chief of Cabinet Eduardo Bauza's team.

The influential Group of Eight [business associations] indicated that in the past two weeks "uncertainty" about the fate of the convertibility plan has been "growing" because Economy Minister Domingo Cavallo's continuity is in doubt.

The group of businessmen also indicated that the "atmosphere" prevailing within the ruling party does not help overcome the recessionary trend of the productive apparatus, less still to generate the degree of trust necessary to implement viable measures to reactivate the economy.

The businessmen agreed that the current situation has a political cost at the international level because the most important bank executives in the world are about to arrive in Buenos Aires for the IDB meeting. William Rhodes (Citibank), David Walker (Morgan Stanley), John Heimann (Merrill Lynch), and the chairmen of all European, Israeli, and Japanese state-owned banks will be arriving in Buenos Aires in a couple of days.

The Group of Eight, which is made up of top agrobusinessmen, merchants, industrialists, and financiers, held a secret and urgent meeting on 19 March at which the above conclusions were reached.

The business "barons" shared a frugal lunch over which they criticized the decision of the administration's political sector to arrange a social truce with the CGT [General Labor Confederation], and to suspend all dismissals for 180 days through a decree.

The entrepreneurs agreed "not to participate in," and to remain aloof for the time being from the internal power struggle within the administration.

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They also criticized the strategy which undermines Minister Domingo Cavallo's prestige given the fact that Menem's faction does not have anybody else to put in his place.

The informal conversation went on for two hours. CLARIN was able to put together the conclusions arrived at from bits and pieces gathered from talking to three of the seven businessmen who attended the luncheon.

Jorge de Fiori, chairman of the Argentine Chamber of Commerce, and Francisco Macri, chairman of the Argentine Construction Union, UAC, did not attend. The UAC was represented by Deputy Chairman Gregorio Chodos. Enrique Crotto (Argentine Rural Society president), Munir Macdur (representing the Argentine Construction Board, CAC), Julio Macchi (Buenos Aires Stock Exchange president), Eduardo Escasnay (representing national banks), Julio Gomez (representing foreign banks), and Jorge Blanco Villegas (Argentine Industrial Union, UIA, president) attended the luncheon. Blanco Villegas was later harshly criticized by other members of his organization for attending the gathering.

This is the first time these businessmen met since October 1995 when they mediated a dispute between President Carlos Menem and Minister Domingo Cavallo.

The businessmen met for lunch at the private office of UIA President Jorge Blanco Villegas at noon on 19 March. Villegas called the meeting in the morning to convey President Carlos Menem's request that the members of the Group of Eight join the National Labor and Employment Council.

Blanco Villegas met with President Menem at the Olivos Residence earlier that day. At that meeting Menem asked Blanco Villegas to obtain the support of the employers for the negotiations with the workers.

The efforts of the UIA leader have yielded no results so far. At the Group of Eight meeting, several members expressed doubts about the purpose of CGT-government negotiations and the whether it was suitable for the employers to participate in them.

Viewpoints on this varied. The leaders of industrial associations (UIA, UAC, and CAC) were in favor of joining the council. The bankers and financiers, on the other hand, objected to, and opposed the proposal.

Whatever their viewpoints, they were all concerned about the same thing: The political impact which their decision, no matter which, would have on the ongoing internal power struggle within Menem's administration.

Thus, on the evening on 19 February the Group of Eight met with two key members of Eduardo Bauza's team: Operations Control Secretary Alberto Abad, and Congressional Relations Secretary Nicolas Becerra. This meeting also took place at Blanco Villegas' office.

The businessmen began the meeting by firing point blank: What is the ultimate objective of this invitation to join the council? They made it clear from the onset that they would not join if the only objective is to prevent the CGT strike.

They also brought up the council membership issue by indicating that they were not prepared to share the portion allocated to them with other business organizations, and end up by being the minority in the 24-member council.

Argentina: President on 'Full Confidence' in Cavallo

PY2003155796 Buenos Aires TELAM in Spanish 1318 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM) — President Carlos Menem today stressed that Economy Minister Domingo Cavallo has his full confidence despite the fact that some components of the media are trying to get a message to the contrary across to the community.

"Everything is going well with Cavallo. Here we have a minister who has the full confidence of the president of the nation despite the fact that some components of the media are trying to get a message to the contrary across to sectors of the community," Menem stressed in a dialogue with Radio 9.90.

Meanwhile, the president has denied press reports indicating he had spoken with economists Juan and Roberto Alemann and with Carlos Rodriguez, president of the Argentine Macroeconomic Studies Center, to offer them the post of economy minister.

In this respect, Menem maintained that "these tales, which are closer to legend than to reality, are harming Argentina." "I have not spoken with Juan (Alemann) for at least three months," he emphasized.

Regarding Rodriguez, the president said that "I do not know him, and in addition I have never met him; therefore, what has been said is a barbarity. A mass of lies such as those currently being spread by some components of the media cannot be aired."

Consulted about the repercussions concerning the discussions that took place during the last cabinet meeting, the president opined that this is due to "an excessive

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sensitivity on the part of some components of the media, and thus very small events are blown up out of all proportion."

Menem said that "during these (cabinet) meetings there are always discussions that do not always end with a full agreement, and when this happens everyone gives his opinion."

He stated that "the discussions can be held in a more or less normal tone, but on the other hand, they can also be heated discussions, and this is when the president intervenes. When I intervene, I put matters in their perspective and the discussion continues. Each minister reports on the matters pertaining to his ministry, about its achievements and the problems that the ministry is facing."

Argentina: CGT Cancels Strike; Talks To Continue

PY2003163096 Buenos Aires TELAM in Spanish 1355 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM) — President Carlos Menem confirmed today that the talks between the government and the CGT [General Confederation of Labor], which yesterday decided to cancel a nationwide strike that had been scheduled for 26 March, would continue.

The president told Radio 990: "The strike has been cancelled. We will continue to hold talks with our CGT comrades and friends, as we have been doing with all sectors of our community."

With regard to the trade union sectors that are criticizing the economic system sponsored by the government, Menem said: "These sectors are creating an unfavorable atmosphere and are seeing non-existent specters everywhere."

Last night the CGT leadership cancelled the strike that had been scheduled for 26 March. CGT Secretary General Gerardo Martinez again asked the government to implement "a social truce" to prevent workers from being fired.

Argentina: Menem Emphasizes Foreign Policy Achievements

PY2003224796 Buenos Aires TELAM in Spanish 1513 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM) — President Carlos Menem today emphasized Argentina's foreign policy achievements which permitted our country to play a leading role in the international integration processes.

Menem said: "There is a new Argentina, a peace-loving Argentina that has joined peace processes through the blue helmets, and a solidaristic Argentina that has joined, through a minor participation, but participation after all, the white helmets."

The president delivered a speech at a graduation ceremony for the 39th Class of the National Foreign Service Institute (ISEN) at Government House's White Hall. Vice President Carlos Ruckauf and Foreign Minister Guido Di Tella, among other government officials, were present at the ceremony.

Facing the graduates, Menem discussed the "globalization process," Argentina's participation in Mercosur [Common Market of the South], the prospects for joining a more extensive zone stretching between Alaska and Tierra del Fuego, and the significance of the prospective integration between Mercosur and the EU.

Menem emphasized that it is necessary "to reformulate a new hypothesis for the state." He noted that the state must be "effective and solidaristic" in discharging the "specific duties for which it was established, without ignoring the transcendental aspect of solidarity and the relations that must exist among nations."

Menem told the new class of diplomats that this is the field in which, "given the profession that you have chosen, you will have to engage energetically."

Changing the subject, the president, who was the last one to speak during the ceremony, also recounted that it is necessary to have a global legislation to cope with drug trafficking, terrorism, and arms sales.

In his speech, Foreign Minister Guido Di Tella emphasized that, during the past few years, Argentina has been implementing significant changes in its policy, which before the Menem administration involved "very poor relations with the world's leading countries of which now we have become allies, partners."

Di Tella emphasized: "We had a peripheral relationship with the so-called Third World countries. But we don't want to be a Third World or Second World country. We want to be a country of the First World — currently the best world."

Di Tella noted: "It is very morbid to pretend being unable to be among the best and still be content." He added: "We are not content. We want to have a firmer footing on the First World."

Di Tella said: "We used to have bad relations with our neighbors and now we have excellent relations with Chile, with Brazil." He noted: "It was nonsense to

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have very poor relations with the United States, and a situation of continuous antagonism with the United Nations."

The foreign minister said: "Now the Armed Forces and the security forces have become pillars of Argentine foreign policy and we have been able to pursue it because they exist. Argentina has played a leading role, which has been very significant, in peace operations."

Argentina: President Signs Patent Law Regulatory Decree

PY2003171396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1637 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (NA) — President Carlos Menem signed today the Patent Law regulatory decree over which congressmen and the government had been conducting busy negotiations during the past few months.

The announcement was made by PJ [Justicialist Party] Senator Augusto Alasino at the press room of Government House.

Argentina: Cavallo Announces Package of Economic Measures

PY2003224696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1657 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (NA) — Economy Minister Domingo Cavallo today announced a package of measures to lower the cost of loans for home mortgages and consumer goods, stressing that the government made a commitment to the IMF "to advance and deepen the economic reforms."

Cavallo said that once the new financial measures become effective interest rates charged by banks for the granting of credits for families will drop by 2.5 percent, adding that companies will not enjoy these benefits.

Cavallo held a news conference at the Economy Ministry. He said that the VAT applied on bank interests and commissions and the VAT applied on the sale of new homes will be reduced by half (from 21 to 10.5 percent) "right away."

The minister confirmed, however, that the VAT rate for all other activities will be maintained at 21 percent, adding that they "will be reduced only if we exceed our tax collection goals."

Cavallo also said that as of 1 April provinces will have to eliminate taxes on gross incomes and stamps and the tax applied to the difference between deposit and lending interest rates, in accordance with what was agreed in the Fiscal Pact.

The minister said that as of 1 July banks will be exempted from making the compulsory contribution of 2 percent on commissions and interests to the Banks Social Services Institute and ANSSAL [National Health Insurance Administration], according to a decree signed by President Carlos Menem today.

The minister said that these measures will help lower the cost of credits, particularly mortgage loans; will reactivate the economy; will help to reduce unemployment by spurring the recovery of the construction industry, which has intensive use of labor; and will reduce the "Risk Country" perception.

Cavallo presented the memorandum on economic policy that was sent to the IMF board of directors during his introductory speech at the Economy Ministry auditorium. The IMF will review the memorandum on 12 April.

The minister said that the government "committed itself before the IMF to maintain and deepen the program of structural economic reforms and achieve a strong but sustained and healthy recovery."

"Some people believe that the government is moving toward a change in economic policy. Nothing could be farther from reality. On the contrary, the government is firmly determined to maintain and deepen our economic reforms," the minister stressed.

Cavallo said that "tax and social security contributions so far this year are at the levels expected and provided for in our negotiations with the IMF."

"We have not detected significant changes with our estimates. What newspapers said about this matter yesterday and today are based on their ignorance of our cumulative deficit goals for the year," Cavallo said.

The minister reiterated that the country will grow by 5 percent this year, admitting that growth will be negative during the first quarter, but adding that it will become "strongly positive in the second quarter and particularly during the third and fourth quarters."

Cavallo confirmed that the fiscal deficit for the year will be $2.5 billion, adding that half of this deficit will occur during the first half. The minister, though, anticipated a balanced fiscal situation for 1997.

The minister said that the last portion of $240 million of the IMF Extended Facility Plan will be approved on 29 March, adding that the new agreement with the international organization will extend to 21 months.

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Bolivia

Bolivia: Capitalization Minister Asked To Resign

PY2103032696 Madrid EFE in Spanish 2018 GMT 19 Mar 96

[FBIS Translated Text] La Paz, 19 Mar (EFE) — The Bolivian Government is analyzing, for the second consecutive day, the situation involving Capitalization Minister Alfonso Revollo, whose resignation is being requested by allies and opposition leaders for having received alleged payments for his party from a former bank official who is in jail on swindling charges.

Bolivian President Gonzalo Sanchez de Lozada reiterated his trust in Revollo, who has presumably received $130,000 from Jorge Cordova, former president of the bankrupt Banco Sur. The money was allegedly a contribution to the Nationalist Revolutionary Movement (MNR), the ruling party headed by the president of the Republic.

The ruling coalition — besides the MNR — comprising the Solidarity Civic Union (UCS), the Bolivia Free Movement (MBL), and the Tupaj Katari Revolutionary Movement of Liberation (MRTKL) has not hidden its irritation for the growing discredit caused by the reports against Revollo, who heads one of the key portfolios in the state structural reform program.

The allies of the MNR, a party that is also split among those who support Revollo and those who prefer his resignation, pointed out the grave government and MNR congressional bloc "mistake" of admitting the opening of an investigation in Congress when there are other legal established channels to clarify the denunciations of a former banker who is in prison on swindling charges.

Sustainable Development Minister Moises Jarmusz, who represents the UCS in the cabinet, reiterated in La Paz today that his party wants "to find out the truth," stressing that "if Minister Revollo has been involved in irregularities we will ask that he be punished." If this is not the case "we will be the first ones to defend him," Jarmusz said.

Minister of the Presidency Guillermo Justiniano charged that the conflicting situation was the result of a "systematic and clear action" directed "to obstruct the reform process" that is being implemented by the government.

MBL Deputy Luis Fernandez admitted that the government coalition is facing a difficult situation as a result of the accusations against Minister Revollo and the aggravation of the conflicting situation derived from the hunger strike and indefinite stoppage organized by the Bolivian Labor Federation.

MNR Deputy President Juan Carlos Duran warned that the present situation of social unrest in Bolivia "could destroy the democratic system," regretting that the image projected abroad is one of "a country full of scandals."

Meanwhile the capitalization minister announced his decision to defend himself in ordinary courts and asked Prosecutor Victor Herbas, who has been assigned to the investigation on banks bankruptcies in the Bolivian financial system, to set the day and hour for his deposition.

The political opposition, especially the Nationalist Democratic Action (ADN) and the Movement of the Revolutionary Left (MIR) have said that the only way to solve the situation is through Revollo's resignation and his trial on charges of peddling influence.

Bolivia: Administration 'Closed Ranks' Around Revollo

PY2103033196 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 21 Mar 96

[FBIS Translated Text] The ruling coalition has closed ranks and will defend the minister in charge of the capitalization process to the bitter end.

The ruling coalition this morning concluded the round of meetings that President Gonzalo Sanchez de Lozada had called to outline the administration's strategy to whitewash Capitalization Minister Alfonso Revollo.

Minister of the Presidency Guillermo Justiniano stated that Congress will approve today a proposal that the administration has prepared. This proposal includes Revollo's offer to stand trial in Congress or in the courts to put an end once and for all to the scandal involving campaign contributions from banks.

[Begin Justiniano recording] We have studied Minister Alfonso Revollo's offer to clarify this matter once and for all at any level whatsoever, either in Congress, waiving aside whatever immunity he may have, or in court.

The coalition has studied this proposal and unanimously agreed that the offer is appropriate and will submit a draft resolution to Congress this afternoon. [end recording]

The Nationalist Revolutionary Movement [MNR], the Free Bolivia Movement, and the Solidarity Civic Union are fully convinced that the duly proven charges against Minister Revollo are politically motivated, and part of the opposition's strategy to block administration-sponsored reforms.

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This is the argument they will wield to rebut the charge that Revollo had accepted $130,000 for the past MNR presidential campaign, allegedly in exchange for political and economic favors to bankers who have since gone bankrupt.

Brazil

Brazil: Daily on Possible Reduction of U.S. Trade Barriers

PY2003230196 Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Mar 96 p 14

[FBIS Translated Text] Brasilia — The United States may review some trade barriers that have been imposed on Brazilian products such as steel, orange juice, gasoline, and chicken. U.S. Trade Representative Michael Kantor met Brazilian Foreign Minister Luiz Felipe Lampreia on 19 March and agreed to meet to discuss the issue. Lampreia explained: "We will analyze it case by case and see what chance there is to increase the access of Brazilian products to the U.S. market."

U.S. trade barriers on Brazilian products have been constantly mentioned in the meetings Kantor held in Brasilia. During a luncheon hosted by the National Confederation of Industries [CNI], Kantor listened to complaints by the host, Senator Fernando Bezerra, the CNI president.

Complaining about trade barriers, Bezerra said: "U.S. exports to Brazil increased by 121 percent between 1989 and 1995, but Brazilian exports to the United States have shown mediocre performance." Adelmo Melgaco, executive director of the Brazilian Association of Iron Alloys Producers, also complained to Kantor about the 90-percent surtax levied on steel products.

In an evasive manner, Kantor said the United States is the most open country in the world from the trade viewpoint, and that it has been fighting to impose equal rules on all countries. Kantor also said there are shortcomings in the U.S. trade system, just like in other nations. Kantor added that Brazilian and U.S. officials are negotiating to overcome the obstacles. In contrast to what occurred during previous visits by U.S. officials, Kantor praised the rhythm at which the Brazilian law that recognizes patents is being debated. The Bill of Patents will probably be voted on at the Chamber of Deputies on 20 March. He said: "This bill is very impressive and I am happy to see how Brazil has been exerting its leadership, because Brazil is a partner that has adequately responded to bilateral negotiations."

Brazil: Automotive Waiver Deadline Before WTO Extended

PY2003142396 Sao Paulo AGENCIA ES[illegible]O in Portuguese 1725 GMT 19 Mar 96

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 19 Mar (AE) — Brazil has managed to extend the deadline for the WTO to make a pronouncement on the request for a "waiver" [preceding word in English] (dispensing with the contractual clauses) for the provisional measure that acts as an incentive for the automotive industry. Ambassador Celso Lafer, head of the Brazilian delegation to the WTO in Geneva, today reported to the Trade and Merchandise Council that Brazil has formally presented on 15 March the request for a "waiver" for the provisional measure on cars.

At the beginning of the week, the Brazilian delegation in Geneva was informed that discussion and analysis of the request for a "waiver" will only begin at the next meeting of the Trade and Merchandise Council, which has been scheduled for 22 May. As a result, Brazil has at least two more months before the council members make a decision about the issue.

"The normal deadline for making a decision is 90 days after the petition is filed," said a Brazilian Government source in the WTO.

Lafer briefly summarized in Geneva the main points upheld by Brazil in the petition, which was questioned by some of its main trading partners such as Japan, Korea, the United States, Canada, the EU, and Mexico.

If no consensus is reached in the council meeting, a technical group will be created to analyze the "waiver" petition and then the issue will have to be voted on. Brazil needs three-fourths of the votes to win the cause.

The Brazilian provisional measure on cars, which was criticized primarily by Japan and Korea, reduces by 90 percent import tariffs for machinery, equipment, and raw materials for the automotive industry. This point was interpreted as a "subsidy" for the Brazilian automotive industry.

Another issue that opened the breach allowing Brazil's trading partners to demand explanations on the provisional measure was the determination of a 70 percent import tariff for the independent car importers while the automotive industries established in Brazil were benefited with a 30 percent import tariff.

The Brazilian Government had informed the WTO in January that it would ask for a "waiver." The maneuver did not become official because there was a risk of

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rejection if the subject were not previously discussed with the countries that consider the provisional measure a "violation" of international trade rules. Brazil expects the WTO to give the Brazilian automotive policy the same treatment it is giving the Argentine one.

Brazil: President Meets Lithuanian Counterpart

LD2003125096 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 20 Mar 96

[FBIS Translated Excerpt] Yesterday Brazilian President Fernando Henrique Cardoso met Lithuanian President Algirdas Brazauskas in Brasilia. I greet you as a person who contributed very significantly to Lithuania's struggle for freedom, Cardoso said. During the conversation, Cardoso said that despite the long distance and the difference in sizes of the two states, there are large prospects for cooperation between Lithuania and Brazil, especially through the European Union market. The Lithuanian community, which is firmly established in Brazil, could serve as a link between the two countries, the Brazilian president said. [passage omitted]

Brazil: Central Bank President Reshuffles Bank Directors

PY2003163296 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 20 Mar 96

[FBIS Translated Text] The Central Bank, BC, has taken the first step toward changing rules and methods to make its financial oversight functions more effective.

BC President Gustavo Loyola has reshuffled the BC directors. Claudio Mauch, who is the incumbent director for rules, will now serve as head of the oversight department. Alkimar Moura, who was serving as director for monetary policy, will now serve as director for rules. Francisco Lopes, the incumbent director for economic policy, will now concurrently serve as director for monetary policy until a new director for economic policy is appointed.

Loyola conceded that recent events such as that concerning the Nacional Bank have brought about these changes. He hopes these changes will yield immediate results.

[Begin recording] The idea is precisely to obtain results as soon as possible through this reshuffling. We have taken advantage of the fact that Mr. Mauch was already serving in an area he is well acquainted with. We have confirmed him there and he will play a leading role in this process. [end recording]

Loyola again stated that the CPI [Congressional Investigating Committee] on banks is not the appropriate way of dealing with banking problems. He said the CPI may generate insecurity in the financial market and harm the normal implementation of the stabilization process.

Brazil: Minister on Banco do Brasil Capital Increase

PY2103002896 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Mar 96

[FBIS Translated Text] Finance Minister Pedro Malan announced today that the Banco do Brasil will increase its capital by 8 billion reals [R].

The funds will come from Previ — a pension fund owned by Banco do Brasil employees — by other state-run funds, and by issuing bonds and shares.

The minister mentioned a proposal that has been approved by the bank's managerial council providing to reformulate the bank statutes, and to adopt a shared management model with the participation of minority shareholders and the private sector.

Malan said the modifications are necessary to guarantee the bank's capital, avoiding inefficient managerial practice.

[Begin Finance Minister Pedro Malan recording, in progress]... and we want to reduce the chance that the bank may be used — after all, politics has its ups and downs — for purposes other than efficient management, with criteria to guarantee the preservation of capital, good quality assets, profitability, operational efficiency, and liquidity.

We believe the arrangement being proposed will significantly help us move toward that goal. [end recording]

In 1995, the Banco do Brasil registered a loss of R4.2 billion. Bank President Paulo Cesar Ximenes said there are two main reasons for this: the high rate of credit nonpayment — which accounted for R16.8 billion — and the loss of the inflationary gain.

Brazil: Party Leaders Postpone Voting on Patent Bill

PY2103013196 Sao Paulo AGENCIA ESTADO in Portuguese 2248 GMT 20 Mar 96

[FBIS Translated Text] Brasilia, 20 Mar (AE) — The Chamber of Deputies suspended the session during which the social security reform proposal, submitted by rapporteur Michel Temer (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo], was being read. Party leaders also decided to postpone until next week the voting on the patent bill, which was to have been voted on immediately upon conclusion of the debate on the social security reform. Deputy Ney Lopes (PFL-RN) [Liberal Front Party-Rio Grande do Norte],

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rapporteur of the patent bill, explained that the voting on the bill was postponed to avoid the risk of a session with a low number of votes because the number of lawmakers was dropping.

Brazil: Report Views 'Breakup' of Sarney, Cardoso Ties

PY2003214496 Rio de Janeiro O GLOBO in Portuguese 20 Mar 96 p 3

[Report by Jorge Bastos Moreno in Brasilia]

[FBIS Translated Text] Senators linked to Senate President Jose Sarney have been appointed to serve on the CPI [Congressional Investigating Committee] on banks. Shortly after these appointments were announced — which would guarantee the installation of the CPI — Sen. Sarney made it clear he had broken off ties with President Fernando Henrique Cardoso, but vowed not to oppose the president on issues of public interest submitted to Congress. Venting his anger at the criticism leveled at him recently, Sarney said: "It will be very difficult to rebuild my personal ties with Fernando Henrique."

Cardoso also lost his patience yesterday during a meeting with congressional leaders. He took three leaders of Sarney's party by surprise when he asked them what the PMDB [Brazilian Democratic Movement Party] wants: To stay in the government or to join the opposition? Embarrassed, Michel Temer (PMDB leader in the Chamber of Deputies), Germano Rigotto (government leader in Congress), and Luiz Carlos Santos (government leader in the Chamber of Deputies) chose to remain silent. The breakup between Sarney and Cardoso will influence the PMDB convention scheduled for 31 March, when the PMDB is expected to take a position on the reelection issue.

Depressed, Sen. Sarney left yesterday the podium and went straight to his office, while pro-government lawmakers engaged in negotiations with the opposition to delay the formal installation of the CPI. Between one sip of water and another, with his hands shaking after a tense session, Sarney began to vent his frustration. First, he insisted that he was not responsible for the creation of the CPI. He said: "I complied with the regulations. I did not create the CPI. The administration lacked the competence to avoid it. As president of the Senate, I could not take sides."

Asked if he could rebuild his relations with President Cardoso, Sarney said: "I believe it will be difficult. Our relations have been deeply shaken. He insulted me and attacked me a great deal. We must now be careful to prevent this situation from interfering with our political actions. In recent days, he insulted me personally and used other people to insult me. At this point in my life, at my age, after having held the highest offices, I cannot let anyone step on my toes! Neither of us has won here and important issues have been neglected in the country."

One reporter asked: Does this entail a dispute between intellectuals? Sarney replied: "He is not an intellectual."

Sarney said the origin of the disagreement goes back to the formation of his administration. He said that [former PMDB leaders] Tancredo Neves and Ulysses Guimaraes only pretended to like Cardoso.

He said: "During the formation of my cabinet, Neves ignored him but blamed it on me. The PMDB and its leaders were very strong during my administration, especially Guimaraes who did not like Cardoso very much. Cardoso thinks it was me. Guimaraes was very discreet, but he was the one who did not allow Cardoso come close to the government."

Sarney stressed: "I had no problems with him. On the contrary, I always treated him cordially and politely."

He said the CPI on banks is not "that monster they think it is."

He said: "The government said investors were running away from Brazil yet the day after the creation of the CPI was announced, Renault announced that it will open a factory in Brazil. I was president of the Republic during a transition government, during a sensitive moment, and a CPI was installed against me. Democracy, which was incipient at the time, was not affected. A CPI was created to impeach a president and democracy was not affected. Congress created a CPI and impeached some congressmen and nothing happened. Why would an investigation on some bankers, amid an honest majority of congressmen, generate this atmosphere?"

Sarney admits having not ignored the installation of the CPI, since as president of the board he could have prevented its creation. He explained why he just sat back: "The government spread the word that I was taking revenge and that I would retreat. I had other reasons. They tried to discredit me in many ways, they tried to charge me with defending selfish interests which is not true. I am trying to preside over the Senate in the most independent way possible. I can sleep with the certainty of having acted according to my duty."

He admitted being disappointed with Ceara Governor Tasso Jereissati.

"I am still shocked. I could not understand why he said that until [former finance minister] Ciro Gomes explained that Jereissati was following Cardoso's orders."

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The next question was: Were you hurt by Cardoso? Sarney answered:

"He insulted and hurt me a lot. However, I am not mad at him."

Sarney said this will be the last time he will speak about the fight. From now on, he will remain silent about it. As for the constitutional reforms, he said he will always back them. He said that he only disagrees with the government on the privatization of the Vale do Rio Doce mining complex.

Brazil: Sarney Denies Breaking Away From Cardoso

PY2103115496 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 20 Mar 96

[Passages in quotation marks recorded]

[FBIS Translated Text] Through an official communique, Senate President Jose Sarney denied that he had broken away from President Fernando Henrique Cardoso. Meanwhile, the government is trying to gain time to prevent the CPI [Congressional Investigating Committee] on banks from meeting this afternoon.

When the subject is banks, nobody wants to run risks. Finance Minister Pedro Malan today called all party leaders in Congress to explain the reorganization of the Bank of Brazil. The CPI was not discussed, although it is the concern of the government leaders in Congress.

[Elcio Alvares, government leader in the Senate] "We will make a determination regarding this issue through votes in the Senate plenum, where the government maintains the majority of the votes. It will be clear that it was a CPI generated for political reasons."

The government strategy to gain time has already begun to work. A petition questioning whether the CPI can be installed even without a defined objective has not even reached the Senate Constitution and Justice Committee, which must analyze the issue. Thus, the government believes it will manage to take the subject directly to the Senate plenum, where it controls the majority of the votes.

Amid this whole story, the PPB [Brazilian Progressive Party] position is yet undefined. Sao Paulo Mayor Paulo Maluf, honorary president of the PPB, will meet with President Cardoso this afternoon before the CPI is installed. PPB Senator Esperidiao Amin believes that the CPI will only be constituted if it has a defined objective.

[PPB Senator Amin] "If its purpose is not specified, there will always be doubts whether the CPI is definitive or provisional. We already have enough provisional measures."

Late in the morning, Senate President Jose Sarney released an official communique denying he has broken away from President Cardoso. In his communique, Sarney states that he maintains an institutional position in defense of Congress, and that he never assumed a personal position on this subject.

Brazil: Sarney's Casting Vote Favors CPI on Banks

PY2103013096 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 20 Mar 96

[FBIS Translated Text] A few minutes ago, Senate President Jose Sarney placed his position at the disposal of the Brazilian Democratic Movement Party [PMDB]. He said he still favors the implementation of a Congressional Investigating Committee [CPI] to look into the banks situation but does not want to embarrass the party.

The PMDB is meeting to decide what position it will adopt over the CPI.

News on the CPI on banks caused oscillations at the Sao Paulo stock market, but as the CPI will apparently not be implemented, at the closure of the stock exchange, the bidding rate registered a 0.3-percent growth. The volume of shares negotiated today dropped from 350 million reals [R] per day to R250 million per day.

The PMDB has just adopted an official position regarding the CPI on banks. Here is Delis Ortiz' live report from Brasilia:

The initial vote return on the CPI on banks was even: 10 to 10. The decisive vote to resolve the impasse was cast by Senate President Jose Sarney. He voted in favor of the CPI. The final result is 10 to 11.

There will be more news on the issue later on, during the Jornal da Globo newscast.

Brazil: Government Moves To Derail Banking CPI

96SM0169A Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Mar 96

[Unattributed article: "Government Maneuvers To Derail CPI" — received via Internet]

[FBIS Translated Text] *Leaders are attempting to have the decision made by the full Senate, where the government majority would bury the request for an investigation of banking.*

Brasilia—President Fernando Henrique Cardoso yesterday instructed his leaders in the Senate to submit the debate over the illegality of the petition for a CPI [congressional investigating committee] on banking to the full Senate, where he hopes to have the majority of votes needed to bury the idea. In the administration's

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view, the congressional investigating committee is unconstitutional because it was requested to ascertain facts not specified in the petition.

Although he reaffirmed yesterday that the CPI would be installed even without the appointment of all its members, Senator Jose Sarney has now demonstrated more flexibility on the issue of unconstitutionality. And the administration has sent clear signals of its willingness to make concessions, in particular to the PPB [Brazilian People's Party], with which the president is meeting in Brasilia today. Spokesman Sergio Amaral says that Fernando Henrique considers it natural that in the event of a cabinet reshuffle, the PPB should be given a post.

After yesterday's meeting with the top leaders of the PFL [Liberal Front Party] at Planalto Palace, Fernando Henrique launched a counteroffensive aimed at defeating the CPI. "There is only one way to decide, and that is by vote. And as far as the administration is concerned, there is only one outcome: Victory," said PFL President Jorge Bornhausen after participating in a meeting at Alvorada Palace.

Concern—The president's strategy is to take advantage of this crucial week in the administration's relations with Congress to pursue specific political actions. With the petition for a CPI on banking under debate, a reform of social security underway, a patent law on the agenda, and two party conventions coming up—the PPB's tomorrow and the PMDB's [Brazilian Democratic Movement Party's] on Sunday—the administration feels that only a vote will be able to reveal how large a base of support it still enjoys.

Yesterday saw an increase in the number of political factions attempting to suddenly get involved in the crisis. Orestes Quercia (PMDB), for example, sent a letter to the party president, Paes de Andrade, in which he demanded a CPI. The war of nerves based on information about threats to several parties got seriously underway. And yesterday, for the first time since the start of the crisis, the politicians were feeling a real concern about the direction that matters were taking.

The government leader in the Senate is preparing to take a new tack in challenging the CPI: He will raise a point of order in the plenary session and request that the question of establishing the CPI on Banking be submitted directly to the plenary session. "We have a guaranteed majority in the plenary session for burying the CPI," said Elcio Alvares. Elcio has announced that President Fernando Henrique "wants to try, through dialogue, to reach a political agreement not to install the CPI on Banking." Elcio said that "it is preferable for the Senate to pay a political price than to cause harm to the country."

Steps taken—The administration has now concluded that it will be very difficult to prevent the PMDB and PPB from appointing their representatives and thus providing a majority in favor of setting up the CPI. Even so, Fernando Henrique himself will make a personal effort to do so. The president is going to talk to PMDB leader Jader Barbalho (Para) today, and this evening he will have dinner with deputies and senators from the PPB.

At the same time, the administration is gambling that the Senate Committee on Constitution and Justice [CCJ] will approve the report by rapporteur Senator Jose Ignacio (PSDB [Brazilian Social Democracy Party], Espirito Santo), in which he opposes installation of the CPI on the grounds that no specific reasons for setting it up were given. If it wins the battle of the CCJ, the report will then have to be ratified by the plenary session, where the administration has the majority it needs to win.

To guarantee the support of its congressional base, the administration is taking a number of steps to show that the CPI is not necessary. The administration's intention in requesting the house arrest of Banco Nacional accountant Clarimundo Sant'Anna and filing a crime report against the bank's controlling shareholders, Marcos and Eduardo Magalhaes, is to restore the Central Bank's credibility as the monetary authority.

The administration's political objective is to show that the BC [Central Bank] is punishing those guilty for the irregularities and, therefore, that a CPI is unnecessary. "All the institutional steps were taken," says the administration's deputy leader in the Senate, Jose Roberto Arruda (PSDB, Federal District).

Brazil: Sarney Denies Negotiating With FHC

96SM0169B Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Mar 96

[Unattributed article: "Sarney Denies That He Is Negotiating" — received via Internet]

[FBIS Translated Text] Brasilia—Senate President Jose Sarney (PMDB [Brazilian Democratic Movement Party], Amapa) announced yesterday as he arrived in Congress that he regards the CPI [congressional investigating committee] on Banking as being "already installed." He denied that he was engaged in talks with President Fernando Henrique to negotiate noninstallation of the committee. "My house is a poor man's home, and it lacks a telephone," he joked. Speaking in the presence of Elcio Alvares (PFL [Liberal Front

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Party], Espirito Santo), government leader in the Senate, Sarney said: "The CPI is being installed independently of the president of the Senate." But after receiving an appeal to submit the establishment of the CPI to a decision by the plenary session, he acquiesced: "Only if it is done through an agreement among the leaders of all the political parties."

The PMDB, PT [Workers Party], and PDT [Democratic Labor Party] will try to install the CPI on Banking in the Senate at 1100 hours tomorrow. Today the senators who signed the request for the CPI are meeting to ensure a quorum of seven members—the majority. Whether the new CPI will actually function or not is still matter of doubt among the Senate's top leaders. "Is this little performance by Sarney really going to result in a CPI, or is it just a negotiating ploy?" asked Senator Mauro Miranda (PMDB, Goias).

The PMDB leader in the Senate, Jader Barbalho (Para), arrived in Brasilia last night and has already ordered preparation of the letter appointing the four PMDB members of the CPI. The PPB [Brazilian People's Party] will not appoint the seventh member until the names of the PMDB's members are announced. "I am going to wait for the PMDB's names," announced the party's president, Esperidiao Amin (PPB, Santa Catarina), after the government leader in the Chamber of Deputies, Luiz Carlos Santos (PMDB, Sao Paulo) said he considered it "legitimate" for the PPB to have a cabinet post.

Veto power—Upon returning to Brasilia after a weekend in Sao Luis, and while still in the airport, Sarney, by this time irritated with the same old questions as to whether the CPI on Banking could be installed with a majority, answered: "Any committee can function with a majority of seven representatives. If all CPI's had to wait for all 13 appointments before functioning, none of them would function in the Senate." In his opinion, the party that did not appoint representatives would end up with veto power: "Any CPI can function, and the one on mining is already functioning without the participation of all the parties."

Later, at a small birthday party for the current leader of the PMDB, Ronaldo Cunha Lima (Paraiba), Sarney absented himself briefly to attend a closed-door meeting with the PMDB president, Deputy Paes de Andrade (Ceara). Paes announced that Sarney would not be the one to choose the representatives, but he asserted that the PMDB would indeed appoint its representatives. "And it will not be to derail the CPI but to turn the financial system upside down and arrest the corrupt members of the Central Bank," Paes said.

Government leader Elcio Alvares was also at the party, but Sarney paid no attention to him. Elcio tried to start a conversation, but the president of the Senate would say only that "my position is the same. The CPI can function already." After one more visit to Planalto Palace, Elcio returned to Sarney's office, where he met with Senator Antonio Carlos Magalhaes (PFL, Bahia). "The administration has already derailed the CPI," said Magalhaes, "but Sarney is still firm about letting the commission operate."

Brazil: FHC's Role as Sigmund Freud of Cabinet Seen

96SM0152B Sao Paulo VEJA in Portuguese 14 Feb 96 pp 22, 23

[Article by Expedito Filho: "Dr. FHC's Couch"]

[FBIS Translated Text] Eduardo Jorge Caldas Pereira, secretary general of the Office of President, was distressed last week. He is mourning his brother's death five months ago, and is exhausted by the insistent requests for jobs coming from legislators (one deputy phoned him 10 times to recommend a protege). Eduardo Jorge, who has a habit of craning his neck at times of greatest tension, was about to explode when he entered the private office of his boss, President Fernando Henrique Cardoso [FHC]. He resigned. After a half hour of conversation, he was no longer craning his neck but smiling and, of course, he will stay in the government. "The president serves as my psychoanalyst. He would rather listen than give advice, so he lets someone with a problem think it through by himself," he said.

The third floor of Planalto Palace, where the president of the Republic works, continues to serve as the nerve center of the government where decisions crucial to the fate of this country are made. But under Fernando Henrique Cardoso, the presidential office space has become the couch where ministers in search of comfort and consolation bring their doubts and insecurities. "They come here in a tailspin, and I calm them down," Fernando Henrique said. Hyperactive on the job, Minister of Industry and Commerce Dorothea Werneck had become depressed because she felt slighted. During one such crisis, she sobbed during a phone conversation with the president (this may be a conditioned reflex for ministers in crisis) and announced her resignation. Fernando Henrique refused to accept it, and helped her solve her emotional problem.

A Pink Frame of Mind

The president asked Planning Minister Jose Serra, with whom Werneck had clashed, to be nice to Dorothy. Werneck started smiling again. She went to the palace twice last week. Wearing a pink and red tunic-style dress, she got a compliment. "You are all in pink,"

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said the president, who knows how praise about apparel cheers the female soul. "Yes. It reflects my mood. I am happy, upbeat. I will respond immediately if anyone attacks me," she said. It was not long before she kept her promise. She left there and, in a debut of what must be the Brasilia school of the method known as "primal scream therapy," got involved in a shouting match with Deputy Francisco Dornelles, rumored to be in line to replace her as minister. A sociologist by training, politician by profession, Fernando Henrique is proving to be an amateur psychoanalyst, adding a special touch to his style of governing.

During the Jose Sarney and Fernando Collor administrations, ministers who attempted to take their worries and tales of woe to Planalto Palace would become the butt of jokes. When he was vice president, Itamar Franco went to Collor with a dilemma. "Why don't you like me any more?" he asked in distress, having felt unappreciated in Brasilia. The former president uttered a couple of words of consolation and later tried to cite the incident as proof of his theory that Itamar was emotionally unstable. Perhaps it was because of this personality trait that Itamar, when president, would listen to personal stories only from his very closest aides. During the Sarney administration, instead of letting off steam with the boss, Minister of Finance Luiz Carlos Bresser Pereira (now minister of administration) resorted to the services of a professional psychoanalyst whose sessions he had been attending for 10 years before accepting a government post. Bresser left Brasilia every Friday for treatment in Sao Paulo. The minister told people about this iron-clad commitment two days after having been appointed to the cabinet. Then it was Sarney who became inconsolable, because he had a minister who skipped out on Fridays. "It is a sad country with a finance minister who has had to undergo psychoanalysis for 10 years," he commented to an aide.

"Let Off Steam in the Office"

The most assiduous visitor to Fernando Henrique's couch is Finance Minister Pedro Malan. Naturally tense, Malan becomes even more agitated when the lack of more important news leads the press to speculate about a cabinet shakeup. Whenever he reads such reports, Malan finds a way to raise the subject with the president. Sometimes he invents some pretext to start the conversation, until he gets to his point—asking about his job. "The president is our Sigmund Freud. He listens to people and gives advice," Malan said. Fernando Henrique does not think it is odd to be on such intimate terms with his ministers. After all, his is a relatively stable team that has changed little since his inauguration, while his predecessors maintained a high turnover rate in Brasilia.

"Of course they would come to my office to let off steam. Relationships become very close when you work with the same people for months on end," he said. That is one explanation. But there is another. Intimacy is typical of an administration made up of close friends in key posts, such as Fernando Henrique, Sergio Motta, Jose Serra, and Paulo Renato—to mention only the president and ministers. To them, the man who sits in the president's chair is their boss, but he is also their friend. It is a feeling that ultimately takes root among the newcomers to the group. Even a pensive man like Adib Jatene, responsible for the health portfolio, feels comfortable letting his hair down. Because of his CMF [Contribuicao sobre Movimentacao Financeira — Financial Movement Contribution], the tax he tried to institute to help finance the health care system, he opened his heart to the president and was rewarded with words of support.

Big Sweetie and Little Guy

Both morning and afternoon, aides on the brink of a nervous breakdown show up at Planalto Palace. Some, when they mention an emotional crisis, give the impression they want to solve some political crisis—as is the case with Jose Eduardo Andrade Vieira, minister of agriculture. "He comes here with a letter of resignation in hand, but what he really wants is praise, stroking, a pat on the head. He has a practical kind of insecurity, custom-tailored to what he wants," the president was heard to say. Once he gets his sympathy, Andrade Vieira is satisfied.

Luckily for Fernando Henrique, not all these personal talks are serious. Gustavo Krause, of environment, amuses the president with his customary verve. Krause has what could be called his "community council." These are four ordinary citizens he met on the streets of Recife: "Fofao" [Big Sweetie], who does odd jobs; "Pequeno" [Little Guy], a waiter; Ednaldo, a retiree whom he calls "the rascal"; and Expedito, a taxi driver. Krause brought to Fernando Henrique's attention one of Fofao's theories: that the poor were eating better under the Real Plan because they were eating more chicken. The conversation confirmed reports that had already reached the president in macroeconomic bulletins, but without the rhetoric of the minister of environment, a good talker and full-time bohemian, who even comes up with poetry occasionally. Unfortunately for Fernando Henrique, Krause's portfolio is so unimportant that the two meet with each other only once a month.

As the Planalto's analyst, the president has in his favor the advantage of being familiar with the weaknesses and

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abilities of his ministers, but he also runs the risk of creating an atmosphere of complicity that could cause problems when it comes time to separate friend from minister. Except for some civilians, such as Vice President Marco Maciel, who is reticent by nature, the military ministers are the only aides whose relationship with the president is formal and distant. For that very reason, in the midst of all the confusion about the tap on Ambassador Julio Cesar's telephone, Fernando Henrique's only easy task was to accept the resignation of Minister of Aeronautics Mauro Gandra. When Gandra said he wanted to step down, the president was certain that he was not just fishing for compliments.

Chile

Chile: Foreign Under Secretary Returns From Tour of Asia

PY2103001396 Santiago EL MERCURIO in Spanish 19 Mar 96 p C3

[FBIS Translated Text] Returning from his tour of Asia, Chilean Foreign Ministry Under Secretary Mariano Fernandez said there is great interest in Asia to consider Chile as a point of reference in Latin America, provided that this country is a member of the APEC [Asia-Pacific Economic Cooperation].

On 16 March, Fernandez ended a 15-day tour of Japan, Singapore, and Thailand to launch the "Image-Country" campaign in that region, among other objectives.

He noted that three major issues were discussed during the meetings with Japanese, Singaporean and Thai spokesmen. They deal with the new image that Chile seeks to project in Asia; increasing interest of that region to negotiate with Chile, and concern over air traffic problems between the two continents.

Fernandez pointed out that Chile reflects a new image in that zone following its decision to join APEC.

He said: "The need to analyze and learn about Chile has led to the opening of markets for some products that were previously rejected in Asia because of image."

He explained that Chilean wine was among the products that benefited considering its sales increased 10 fold in one year. The decision to rediscover Chile generated an interest in matters like tourism and joint investments.

Air traffic, however, is still a problem, considering a trip on the shortest route from northeastern Asia to Chile lasts more than 30 hours. Fernandez said proposals are being sought to find shorter and more efficient routes to allow the traffic of fresh products.

He said the Asians focused their attention on the fact that Chile was appointed member of the UN Security Council, given the interest of countries in conveying their political position on conflicts that affect this part of the world.

Chile: Army General Hopes History Not To Be Repeated

PY2103034596 Madrid EFE in Spanish 1702 GMT 19 Mar 96

[FBIS Translated Text] Santiago, 19 Mar (EFE) — General Eugenio Videla, chief of operations of the Chilean Army, voiced the institution's hope that the history of Chile will not be repeated, although he warned that the disintegration of the nations "is cyclical."

The statements by Videla, who is regarded a representative of the Army "hard-line," were labelled "fascist" by Socialist Party (PS) Chairman Camilo Escalona, who accused Videla of "eulogizing the coup d'etat."

Videla, who made a speech on 18 March during ceremony in which the Army feted the Air Force (FACh), underlined the achievements of General Augusto Pinochet's regime (1973-1990), by noting how the Armed Forces rescued Chile "from chaos, to give the country back the essence of its own identity."

Videla added that "it is always feasible that delicate moments for the country may arise again, because the disintegration of the people is cyclical," although he added that he hoped those events will never be repeated.

Videla added: "We all saw our country emerge from the ashes, learn how to walk again, and find the path to progress. It is our hope, our dream, and utopia that hopefully history will never be repeated and that in the near future it will be free of conflicts and disagreements among Chileans."

As he commented these statements today, the PS deputy and chairman warned about the risks of a general "eulogizing the coup d'etat;" in his opinion, the theory of the cyclical disintegration "is a fascist conception which democratic sectors cannot accept."

Socialist leader Camilo Escalona added that Videla "has justified the existence of authoritarian enclaves bequeathed by the military regime," that believes the Armed Forces are the guarantors of the said enclaves and therefore believe they have the right to intervene in view of any imbalance.

Escalona said that "the best protection for democracy is the full exercise of the peoples' sovereignty" and that the coexistence of the Chilean people does not require military tutelage.

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Chile: Official on Need To Close Civilian-Military Gap

PY2103025796 Madrid EFE in Spanish 0934 GMT 20 Mar 96

[FBIS Translated Excerpt] Santiago, 20 Mar (EFE) — Chilean Defense Minister Edmundo Perez Yoma has pointed out the need to close the gap that still exists between civilians and military but its existence became obvious after the warning by a military chief on the "cyclical disintegration of the people."

Perez Yoma, who opened the academic year at the Chilean War College on 19 March, pointed out the need to create a national "Defense Community," based on greater communication between civilians and the military, but noted that it has still not been possible to materialize it and this represents "a chief shortcoming."

The Christian Democratic minister said that this project requires a solid commitment by the Armed Forces and civilians, but said that "these attitudes are missing."

In the meantime, and almost as an example of the gap that continues to exist between the two sectors, reactions started to surface to statements by General Eugenio Videla, chief of operations of the Army. Videla upheld the bloody coup d'etat of September 1973. [passage omitted]

The defense minister said that the civilians "could and should participate" in the defense efforts and regretted that in times of peace this is not an important issue because many believe it only concerns the Armed Forces.

"I'm sure I'm not mistaken in asserting that some of this perception influences, for example, the way in which some sectors regard the military service issue."

Colombia

Colombia: Minister Blames U.S. for Deterioration of Ties

PA2103034996 Santa Fe de Bogota EL ESPECTADOR in Spanish 15 Mar 96 p 9A

[FBIS Translated Text] Colombian Foreign Affairs Minister Rodrigo Pardo Garcia-Pena said yesterday that relations between the United States and Colombia have deteriorated because Washington wants it that way.

Pardo, while speaking to reporters following the installation of the first Colombian-Costa Rican binational meeting, referred to the state of relations with the Clinton administration and the protest note Ambassador Carlos Lleras de la Fuente sent the U.S. State Department. This note was issued due to the offensive comments Under Secretary Robert Gelbard made about Colombia's Justice Minister Carlos Medellin's and Colombia's antidrug policy.

"I believe that relations have deteriorated by decision of the United States and starting from that basis we have to create a mechanism for working together which implies a reevaluation of some concepts which inspired that relationship in the past," Pardo said [sentence as published]. He reiterated the injustice Colombia was subject to when it was decertified in its fight against drug trafficking.

He confirmed that the protest note over the offensive remarks made by Gelbard was delivered on Monday by Ambassador Lleras de la Fuente, and said that a second note is being drawn up to respond to the arguments with which Washington decertified Colombia.

The first note was a protest noted "over the language and concepts expressed there," but the second note is rather a document with which the government responds, point by point, to the statements made by the U.S. State Department "to discredit Colombia's antidrug policy."

"It worries me that the United States, in order to decertify Colombia, has had to fabricate some arguments against our drug policy which are not true, which are unfair to the results our policy has obtained. That is why we have waged several efforts, at the diplomatic level, to show the world that our drug policy is effective, that it is producing results, and that it is worthwhile to pursue it," Pardo affirmed.

International Campaign

Regarding this point, the minister considered it indispensable to evolve toward the creation of multilateral evaluation mechanisms. He underscored the support given to Colombia in recent days by the Andean presidents gathered in Trujillo (Peru), and by the Nonaligned Movement, which rejected unilateral practices of evaluation and certification exercised by the United States in the face of issues such as drug trafficking or human rights protection.

The certification, the foreign minister asserted, "is an internal U.S. process and that is why it is nonbinding, nor is it part of any international or multilateral treaty."

Pardo also highlighted the efforts the government, particularly the Foreign Ministry, is waging to internalize the struggle against drug trafficking and related offenses. Pardo remarked that this will be one of the objectives of the visit he will make next week to the Italian city of Florence, where the meeting of the so-called San Jose II Dialogue will be held. This meeting will be attended by foreign ministers from the EU and their Central American colleagues.

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The Group of Three (Colombia, Mexico, and Venezuela), currently presided over by our country, was invited to the meeting as observer. That is why the foreign minister will take this opportunity to meet with his European colleagues and explain to them the true nature of the drug trafficking problem.

"The cooperation Colombia requires is not necessarily money or donations, but commitments from other countries to struggle against drug trafficking in areas such as consumption," Pardo explained.

Regarding the differences with the United States over the figures reported on the results of our struggle against drug trafficking, the minister concluded that the reports from the drug police are being compiled. Nevertheless, he made it clear that it is paradoxical that Washington praises bilateral cooperation and terms the work of its agencies against drug trafficking successful and, based on the same results, it disqualifies the accomplishments of the Colombian Government.

Colombia: Security Tightens at Summit Amid ELN Reports

PA2003181196 Mexico City NOTIMEX in Spanish 1521 GMT 20 Mar 96

[FBIS Translated Text] Cartagena, 20 Mar (NOTIMEX) — The Colombian authorities reinforced security measures today in this Caribbean city in view of reports of an alleged sabotage of the trade ministers' summit that begins here today.

The U.S. Embassy alerted Colombian authorities to a plan of the Army of National Liberation (ELN), which operates in this region, to boycott the summit.

Following the warning, various security organizations' entry controls will be increased at the access to the convention center, where the ministerial meeting is to be held, and at the entrances to the hotels where the official delegations are staying.

Security for the 200-strong U.S. delegation comprising private businessmen and government officials has been tightened over the past few hours.

A scheduled official visit by U.S. Ambassador Myles Frechette to a local university was canceled as a precautionary measure due to a possible action by the rebel group.

Summit Security Coordinator General Humberto Pineda, told a local television station that versions of an ELN sabotage are at the "rumor" level.

Nevertheless, he gave assurances that the police corps and the Armed Forces guarantee full security for the meeting of 34 trade ministers who will design new plans to promote the creation of the Free Trade of the Americas (ALCA-2005).

More than 2,000 individuals, including members of the police, the Army, and the Navy, and also secret agents, are guarding the various sites in the city to guarantee security for the ministers' summit.

Colombia: Businessmen Blame U.S. for Trade Standstill

PA1903233996 Madrid EFE in Spanish 1542 GMT 19 Mar 96

[By Maria Luisa Azpiazu]

[FBIS Translated Text] Cartagena (Colombia), 19 Mar (EFE) — Latin American businessmen participating today, Tuesday, in the Business Forum of the Americas are facing a new stage in hemispheric trade integration with great disappointment because they say that they have yet to receive an answer to their concerns.

According to impressions gathered by EFE among businessmen attending the meeting in Cartagena, since the first meeting in Denver in July 1995, "all we have found is additional restrictions in many fields."

In the words of Humberto Petri, president of the Coordinating Committee of the Agricultural, Trade, Industrial, and Financial Associations of Guatemala, after the Summit of the Americas in Miami, Florida, in December 1994, "we expected to see positive signs regarding trade opening without barriers, but we have not seen anything."

Petri and his Honduran colleague Norman Garcia are convinced that the United States is responsible for the halt in the trade integration of the Americas because of its internal situation — the U.S. is holding its presidential elections in November — and more or less has its hands and feet tied.

These two businessmen believe that "Washington is currently keeping the flame of trade integration burning at a very low level to see if the process continues."

The businessmen are convinced that after the Mexican crisis — which began a year after NAFTA was signed between the United States, Mexico, and Canada — the subject of continental trade integration has become a taboo subject in the United States.

Therefore, as EFE has been able to determine in conversations with businessmen from different countries, the private sector expects very little, if anything, from this new meeting.

They said it is merely " a matter of not killing the process, of keeping the flame lighted, although a very

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low level, to try to recover it once the circumstances have changed."

A Colombian participant to the meeting believes that despite the Denver meeting and its continuation in Cartagena de Indias, "the United States and the rest of the region are experiencing an apparent disenchantment."

This "disenchantment" has given rise to some unfortunate incidents, such as the recent trip Secretary of State Warren Christopher made to a number of countries in the region, among them Argentina, Chile, and El Salvador.

"What was Christopher doing there?" a Bonaire businessman asked. He immediately assured that Secretary of State Christopher was only seeking "to show us that they have not forgotten us ... when, in truth, they have not paid attention to us for months."

Therefore, instead of having the soothing effect, which Washington was probably seeking, Christopher's tour does not seems to have lessened a cooling of in relationships since it is no longer a secret to anyone.

Some participants, such as a representative from the Colombian coffee sector said they were "expectant" during this meeting, but the majority recognized that he had flown to Cartagena de Indias for one simple reason: "It was better to attend than not to attend."

In general, the participants of the Business Forum, which has gathered more than 1,350 representative of the private sector from the entire continent today in Cartagena de Indias, are no doubt ready to emit a new vote of confidence.

An Argentine representative, who complained regarding the "low profile" the United States representative kept in Denver, told EFE: "We will give ourselves one more opportunity to see if this is serious or not, if there is a real will to continue...if we do not see this, the issue will no longer be discussed."

"We came in all seriousness, with important businessmen and we did not see counterparts who were on the same level. If this do not change, perhaps it is not worth the effort and we should begin to look elsewhere, the Argentine businessman added.

Colombia: Business Council Plans To Open Office in U.S.

PA1903231296 Santa Fe de Bogota EL ESPECTADOR in Spanish 18 Mar 96 p 1B

[Report by Myriam Astrid Montoya]

[FBIS Translated Text] Businessmen want a direct relationship with the United States. In the wake of the decertification and the political crisis the country is experiencing, they deemed it prudent not to rely on the government's actions.

That is at least the view of the top organization that represents the country's private sector, the National Business Council. As part of that new philosophy, the business groups are planning to open a kind of embassy in Washington.

Specifically, the National Business Council, comprising the 15 largest business groups in Colombia, seeks to open a commercial office in the U.S. capital, just as the private sectors from Mexico and Brazil have done.

The Council analyzed the proposal last Wednesday, when Coordinator Alfredo Fuentes unveiled the initiative following a trip to Washington. In his report to the groups, Fuentes proposed analyzing alternatives to establish a permanent and direct business link between Colombian businessmen and U.S. officials and members of Congress.

During the meeting, the members agreed that an estimate will be made to see how funds can be gathered to move this proposal forward. One has to keep in mind that any definition of this office will be made in a manner concerted with the Colombian Embassy. That was, at least, what Fuentes recommended.

Colombia: Regional Businessmen on U.S. Trade Position

PA1903235796 Madrid EFE in Spanish 1910 GMT 18 Mar 96

[FBIS Translated Text] Cartagena (Colombia), 18 Mar (EFE) — Latin American Businessmen want the continent's trade ministers meeting "to lead to" free trade in the American continent, however, they agree that, unfortunately, the United States is not in favor of such an effort.

A number of businessmen participating in the Americas Forum interviewed by EFE in Cartagena de Indias believe that "there are a number of conditions and barriers which appear to be insurmountable," therefore no "miracles" should be expected from this meeting.

Hemberto Preti, president of the Guatemalan Chamber of Agriculture, referred in particular to the agricultural sector, which "is facing nontariff barriers imposed by some countries, such as the United States."

Preti emphasized that the United States is unwilling to eliminate agricultural subsidies and that "carrying out a hasty opening of the borders would entail taking on major responsibilities by a person willing to take

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them on, particularly in those countries which still grant subsidies."

Businessmen are concerned that the declarations made during this meeting will include conditional subjects "such as labor, environment, and intellectual property, subjects that mainly interest the United States," Petri explained.

Representatives of smaller countries said that despite their interest in these subjects, "they should not be discussed at this moment because Latin America's major labor and social problems can only be remedied after the opening of the market."

Preti said: "Without the opening of the markets it is impossible to overcome the unemployment and low wages because if there is no trade, new job sources cannot be created."

Latin American businessmen also condemned the United States' "calculated neglect" of Latin America.

Norman Garcia, president of Honduras' Foundation for Research and Entrepreneurial Development (FIDE), referred to Central America and explained the instability that the lack of U.S. trade decisions is creating in that Central American region "which is midway between NAFTA and Mercosur [Common Market of the South]. [quotation marks as received]

Garcia believes that some of the conditions the United States wants to impose "are fair," such as "intellectual property." However, other conditions, such as the demands made by the U.S. unions, are disproportionate.

Among the participants at the meeting, EFE found that businessmen are disappointed because they believe the United states is "not at all interested" in carrying out a serious free trade project for the continent.

A South American businessman, who did not wish to be identified, told EFE: "It is clear that without a fast track (a quick negotiation which does not allow any Congressional changes) and an electoral year, the United States does not have the least intention of working on trade matters."

The South American businessman believes "all that is wanted now is to keep a low flame burning so that the process will not die and they can revive it when they are interested in process."

The businessman emphasized that the current U.S. administration has no interest in Latin America, however, even so "it knows that we are its natural market and they do not want us to die completely because they are going to need us."

Colombia: Fenalco Head on U.S. Delegate's Proposal

PA2003030496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 19 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Fenalco [National Federation of Businessmen] Chairman Sabas Pretelt de la Vega has reacted to the proposals by the U.S. representatives attending the Cartagena business meeting, saying that they are optimistic about the U.S. position. Pretelt said that business diplomacy should be strengthened as a sure path toward integration. Pretelt reacted to the proposal by the U.S. Commerce Secretary and Bill Clinton advisor.

[Begin recording] [Pretelt] There is a lot of optimism with respect to the importance of integrating the Americas. But there is no room in integration for economic sanctions. It is, rather, an integration of the democratic processes we are experiencing. I see the United States, therefore, very [words indistinct]. The Colombians should leave behind ridiculous nationalism. We can handle decertification with integrity. We do not like decertification. But [words indistinct] is too important to [words indistinct], and it is the message that President Bill Clinton has sent us.

[Unidentified reporter] Is it what you call business diplomacy?

[Pretelt] Of course. Integration [words indistinct]. [end recording]

Colombia: Interior Minister Serpa Says He Will Not Resign

PA2003223396 Santa Fe de Bogota EL TIEMPO in Spanish 19 Mar 96

[Received via Internet]

[FBIS Translated Text] Yesterday, during a ceremony in which General Camilo Zuniga turned over command of the Armed Forces to Admiral Holdan Delgado, Interior Minister Horacio Serpa said that he would not resign, and he made a strong defense of his and President Ernesto Samper's innocence.

Following the ceremony in the Jose Maria Cordoba Military Cadets School, which President Samper did not attend, Interior Minister Serpa said that at this moment he is not thinking of resigning.

Asked by a reporter if his eventual downfall would precipitate President Samper's downfall, Interior Minister Serpa said: "That is mere conjecture. The president is

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not dependent on the presence of any official in the government."

Serpa added: "First of all, Samper has the credentials given to him by the people; secondly, he has a very important task which he is carrying out with vigor and dedication and which guarantees him the exercise of his executive task."

When questioned regarding the "real intention" of Prosecutor General Alfonso Valdivieso in summoning Serpa and two of his colleagues for questioning, Minister Serpa said "I won't comment on that issue."

In a vehement tone, Serpa added: "We are going to face that situation with much courage, decision, and respect for the law. We want to do our duty and stand by the authorities in accordance with the law, as it corresponds to good citizens and officials who are aware of their obligations." Questioned regarding his innocence, Serpa replied: "Of course, I am innocent. All my public and private actions have been very honest and pure."

Regarding the possibility that the legal process against him could lead to imprisonment, Serpa said: "When one is called in for questioning anything can happen. I am always prepared for any eventuality I may have to face in public life."

In conclusion, Minister Serpa referred to an accusation that he handled 3 billion pesos during the past electoral campaign.

"That allegation makes me laugh. By God! I was head of the debate section; I was not in charge of the campaign's finances or the treasury," Serpa concluded.

Meanwhile, Foreign Relations Minister Rodrigo Pardo described the possible infiltration of drug trafficking money into the Samper presidential campaign as a "terrible deed."

Pardo pointed out that if that possibility had been promptly discussed it would have been rejected immediately.

Pardo added that the problem in Colombia is not President Samper per se, but a deeper crisis which stems from the accumulation of drug trafficking money in the nation.

Colombia: ORIT Head Says Unions Favor Integration

PA2003220396 Santa Fe de Bogota EL TIEMPO in Spanish 20 Mar 96

[Received via Internet]

[FBIS Translated Text] The American Continent Labor Forum, which has been organized by the Inter-American Regional Organization of Workers (ORIT) is currently taking place in Cartagena de Indias parallel to the Business Forum of the Americas.

ORIT Vice President Carlos Piccinini said that 20 workers unions affiliated with this regional organization have presented a document with proposals calling for the commercial integration process to also include initiatives related to labor protection for each of the countries involved.

Yesterday, representatives of 42 million workers presented their recommendations before businessmen taking part in the Forum of the Americas and are scheduled to do the same today before trade and labor ministers.

Piccinini pointed out that not only are the workers unions in favor of integration, but they are also demanding opportunities in the decisionmaking process in order to protect workers wages and prevent forced labor and the use of child labor in production processes.

One of the recommendations included in the document is related to setting up a work group that will include union members to analyze the labor impact of integration.

Among the 90 people representing the continent's workers union is Gregory Woodhead, the American Federation of Labor and Congress Industrial Organization (AFL-CIO) delegate from the United States, who stated that every trade representative from the Bill Clinton administration had been clear in stressing that they will refrain from signing trade agreements that do not include labor issues clauses.

"We have come to this forum to transmit this message to all countries today seeking the continent's commercial integration," Woodhead pointed out.

Colombia: Samper Urged To Put Nation's Welfare First

96SM0162A Santa Fe de Bogota SEMANA in Spanish 12 Mar 96 p 38

[Commentary by Maria Isabel Rueda: "Open Letter to the President"]

[FBIS Translated Text] Dear Mr. President:

I voted for you. Later, for reasons of conscience, I felt obliged to distance myself from your procedures and conduct. But not for a single instant have I ceased to regret that it turned out like this, not only because of the friend I lost, and because of the president you could have been but were not, but also because of the country, which is the issue that has half of Colombia in a serious

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and dangerous dispute with the other half at this very moment.

Despite the distance that now separates us, I am writing this letter to express some thoughts for the purpose of conveying my support for you in what must be a time of great suffering, and telling you that if there had been any way for the many people who are not on your side today to prevent what happened, we would have stopped at nothing to spare you and your family these fateful and desperate hours.

But I am also writing this letter to try to explain to you that in the hearts of those of us who are now branded as conspirators, we harbor a sense of indignation that you should acknowledge as legitimate. We began feeling this indignation when we discovered that the drug money had a definite role in putting you in office.

That is what prompts me to lodge my first major complaint about your conduct. Assuming, as we have struggled to believe, that you did not know, and that you found out about it along with many Colombians, late but unquestionably, believe me when I say that history will judge you forever for not accepting responsibility for what happened. The important thing is not that it happened behind your back, but that it happened in your name. That is why you bear full political responsibility for the deeds, and those of us who voted for you are deeply disappointed that you never had the courage and the honor to admit it. That act, far from morally tainting you with what happened, would have filled you with honor, and I can assure you without a doubt that we Colombians would have viewed it with sympathy and benevolence, but above all, with respect, which is the main asset that a president should cultivate among the citizenry.

You did not do what you should have done as an innocent man. But now, on the other hand, you are doing everything that a guilty man would do. It is one thing to argue about whether accepting political responsibility for the situation means you necessarily have to resign. Your conscience did not dictate that. But what is indisputable is that you have a right to a trial on your conduct, and if you have decided that the country must embark on the terrible and debilitating process of prosecuting a sitting president, the least you can do for us is make sure it is not a farse.

The obvious stalling of the prosecution in Congress, and the political favors that have undeniably been distributed in the name of the triers of fact, prompt me to lodge the second major complaint about your conduct. We want a speedy trial, rather than a prolonged process threatening to spark a civil war, which would inevitably result from your remaining in power. Until this trial is held, mentioning your name among Colombians will become an increasingly dangerous gamble, and if I know you as well as I think I do, you must be in agony over this. Because the main factor in a president's ability to govern is precisely that: whether his presence in office unites the people or divides them. The painful truth is that right now, the people are divided.

The third major complaint about your conduct is that your decision to remain in power means that a huge question mark hangs over our country. We are quite rightfully wondering not what will become of Colombia, but what you will make of Colombia.

I am reminded of that statement by Capt. Alfred Dreyfus, the protagonist in the greatest political scandal to hit France toward the end of the 19th century. Convicted of espionage and then acquitted 30 years later, he made the remark that earned him a place in history: "Not even my honor is above France."

Your honor, Mr. President, cannot be above Colombia, either. Believe me, my complaint comes from the heart. I am expressing it without rancor or hatred, and my sole objective is that you wake up to a reality that you must be unable to see in the cold corridors of the Palace.

Mr. President: Stop the hatred from growing among Colombians. Do not try to ignore the economic consequences the country will suffer as a result of the political crisis we are undergoing and the decertification by the United States because of your continued presence in office. Listen to what the Church, the trade associations, the military, the press, and public opinion are respectfully trying to tell you. Do not view as enemies those of us who are asking you to set aside your personal interests for the sake of the country's interests.

Mr. President, save Colombia!

Ecuador

Ecuador: President's Aide Resigns Due to Transport Strike

PY2103033496 Madrid EFE in Spanish 0126 GMT 21 Mar 96

[FBIS Translated Excerpt] Quito, 20 Mar (EFE) — Raul Gangotena, administration secretary general, today resigned due "to discrepancies" with President Sixto Duran-Ballen whom he accuses of not having acted decidedly in view of a strike staged by owners of obsolete buses that paralyzed Quito over the past weekend.

Gangotena stated: "I have submitted my irrevocable resignation to my post because I believe the inconveniences

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Quito suffered the past few days could have been responded to with a decisive, firm, and resolute action."

Quito was paralyzed since Friday, 15, and only on Sunday, 17, did the government decree a state of mobilization placing the Armed Forces in control of the chaotic situation, but the measure was only implemented on 20 March.

Gangotena, justifying his decision to resign from the post he occupied since 3 January, said: "I do not agree in delayed actions when a city is being kept hostage by the transportation sector." The administration secretary general has the rank of minister of the Presidency. [passage omitted]

"Neither Quito, nor any other city in the country can be insulted the way it was by the transportation sector during the past few days," Gangotena asserted. He assured that he disagreed "with some government sectors."

Although he did not mention the government officials with whom he disagreed, the media believes it was with government minister Xavier Ledesma, who allegedly did not react promptly to the public transportation sector's actions.

Gangotena added: "Because I cannot accept pacts and deals with those who attack the citizenry (the bus drivers) it is my duty to leave the government."

The transportation sector started to clear the roads on Monday night but refused to work and preclude, with acts of violence, other public transportation units from circulating in this capital.

Ecuador: Strikes With 'Unpredictable Consequences' Begin

PY2003231496 Quito Voz de Los Andes in Spanish 1700 GMT 20 Mar 96

[FBIS Translated Text] Dissatisfaction among various Ecuadoran sectors over decisions made by the national government, whom they accuse of not heeding their demands, has triggered a new wave of strikes with unpredictable consequences.

The National Transportation Federation, the association of Inecel [Ecuadoran Institute of Electrification] workers, and the associations of indigenous and peasant communities throughout the country, have both announced the suspension of activities.

Public transportation drivers have decided to join a nationwide strike in support for about 3,000 Quito bus drivers affected by the Quito Municipality decision to withdraw more than 1,000 buses that are more than 20 years old.

The National Transportation Federation, during a plenary meeting with representatives of all Ecuadoran bus drivers, decided to strike until the Quito municipality reviews its decision.

Meanwhile, Inecel workers will start an indefinite strike today in protest over President Sixto Duran-Ballen's partial veto of the electricity draft bill and to get Congress to ratify the draft bill it originally approved.

Ecuador: EL COMERCIO Reserved About Trujillo Summit

96SM0155A (Internet) Ecuador Foreign Ministry Gopher in Spanish 12 Mar 96

[Editorial from Quito EL COMERCIO 12 Mar 96 p A4: "Andean Challenges"]

[FBIS Translated Text] The Andean area countries are proposing several challenges for themselves to revitalize their subregional integration, which has lost much of its status in recent years after a promising start. They will soon have to put their ideas into practice, but that will occur beset by doubts as to their chances for real progress.

Problems have been accumulating in the integration process. Not only have there been fundamental differences, as in the case of Peru and Bolivia, because of tariffs, but the lures of investing in other processes and seeking new horizons have had their effect as well.

During the last meeting in Trujillo, reiterated opinions were voiced to the effect that bolstering the Andean Pact is good business for all the partners. The approved reforms not only change the "look" of the Andean Group, but also offer basic transformations, expanding the concept of integration and proposing participation. Furthermore, a representative secretary general is being sought, as well as a popular election for the zone's parliament.

The first leap should expedite normal relations between Peru and Bolivia. This is necessary and, although it is not easy, there are signs of a renewed willingness. The countries of the subregion should examine the proposal submitted by President Fujimori, and seek the terms of an authentic harmonization of tariffs.

The new objectives, including the aspiration for greater openness, constitute beneficial challenges. A very logical one is the opening of the justice system's procedures to the private sectors, because the Andean justice system has had no great option for operating based on public claims alone.

There is enthusiasm for the innovations that have been introduced, but it is fitting for the governments to make

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the decision to put them into real operation. If there is negligence and little desire for cooperation again, the Andean Group will be heading for despair.

The presidents made a vow in Trujillo, claiming that they now really intend to support subregional integration. What they do will be reflected in the future.

Ecuador: EL UNIVERSO Welcomes Andean Community

96SM0155B (Internet) Ecuador Foreign Ministry Gopher in Spanish 12 Mar 96

[Editorial from Guayaquil EL UNIVERSO 12 Mar 96 p 6-1S: "The Trujillo Summit"]

[FBIS Translated Text] Time will tell whether the aspirations expressed at the Andean Summit held in Trujillo will assume a form that will lend practical, lasting value to whatever is embodied in its hopes.

In brief, the responsibility borne by politicians in matters of integration for general reinforcement and peace has been proven, as have the obligations associated with fighting the illicit drug traffic, terrorism, poverty, and corruption, and preserving the environment.

Everything that has been said, declared, and detailed in the minutes and the final declaration covers a wide, specialized front, and the responsibility for ensuring its foundations will not be incumbent on the attending presidents alone.

It is incumbent on the entire political class of the Andean countries and the continent as a whole to commit itself, far removed from rhetoric and clever solutions, to the advancement of projects that the continental population is agreed upon in its expectations and demands.

There can no longer be any tolerance for the political caste avid for economic license, with wasteful fiscal accounts that are a direct cause of the poverty shown in countries which, in bitter contrast, are satisfied with demagogic promises. Each government must comply with principles of social service and stimulation of the people's capacity for work, learning, solidarity, and patriotism. Basically, corruption will have to be banished.

So, it remains for history to judge the meeting held, which did well to caution — with opinions devoid of government influence — that it was necessary to make way for achievements that will represent real changes for the area's future.

With the battle against the drug traffic, a source of corruption for the entire social structure of our countries, and with personnel prone to irresponsibility and squandering as soon as they reach positions of public service, there will be enough to do.

What concerns us is the lack of an announcement of the resources to be established or improved in order to attain goals that have been claimed to seek the good of the continent.

Entities that provide soft loans of foreign origin would have to be agents for the activities that must be deployed, because nearly all the rulers are complaining about a state deficit and lack of funds.

Peru

Peru: Petroperu Chief on Regulator Role

96SM0147A Lima EL COMERCIO in Spanish 24 Feb 96 p A6

[Interview with Alberto Pandolfi, head of Petroperu, by Carmen Anaya Valer; place and date not given: "Petroperu Will Have a Regulatory Role"]

[Text] [Anaya] Will the contracts for the lots be transferred in their current conditions or will they be modified?

[Pandolfi] We are going to modify the minimum working programs for the lots to raise the fields' production through greater development. Given that the 27 contracts that Petroperu [State Petroleum Agency] has signed will take from four to seven years to run their course, we believe that over the short term the way to improve national production is through more intensive use of the oil fields, which, although small in area, account for 34 percent of domestic production.

[Anaya] How large is Petroperu's investment program?

[Pandolfi] The minimum program for Lot 8/8X is the prospecting of one well. As for the exploitation of Lots 8 and X, Petroperu has budgeted $70 million for wells in 1996, so that production will not fall. The expectation is that this figure will grow when the property is in the hands of the bidder.

[Anaya] Commitments for investments in previous privatizations are not being fulfilled. How does Petroperu expect to fund these commitments with respect to the lots?

[Pandolfi] Provision has been made for two types of security deposit. One type on the fields (lots) which will be administered by Peru-Petro [expansion unknown], and the other for the refineries, which will be administered by Petroperu.

[Anaya] What are these deposits? How large are they?

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[Pandolfi] They are deposits held in banks, which would be forfeited if the highest bidders did not carry out their investment in either area. We are not yet able to talk about numbers, because they are under study by the investment bank and Cepri [Special Privatization Committee].

[Anaya] There are guarantees on current petroleum company contracts that apparently are not enforced. What would be the difference between these and guarantees transferred from Petroperu?

[Pandolfi] I know of one case of enforcement by Peru-Petro. They are making themselves respected... [ellipsis as published]

[Anaya] The case of Vegsa (a Peruvian firm that has a lot in Talara).

[Pandolfi] Exactly. The case of Vegsa. A deposit was forfeited. In our case, we are going to be very strict, so that both refineries will be modernized. The Talara refinery is very old and the Lampilla refinery needs balancing in order to produce a larger volume of distilled products.

[Anaya] What was the reason for the elimination of the limit on bidders for lots, that prevented winning bidders from having more than 50 percent of the zone's production? It is said that this benefits Oxy [Occidental Petroleum], which has most of the production from the jungle area.

[Pandolfi] The conditions for the auction of Lots 8/X and X/XI are under review. There is no decision as yet. As for Oxy, this firm converted to a services contract and therefore it will be paid an exploitation fee, but the owner of the petroleum is Peru-Petro. Therefore, as it does not have a licensing contract, Oxy's possible participation in Lot 8 has been reexamined.

[Anaya] What is the size of the investment commitments that will be required in this privatization?

[Pandolfi] They are being reviewed. Those for La Pampilla and Lot 8 will be announced in the second week of March when the conditions are made public.

[Anaya] The President of the Council of Ministers, Dante Cordova, said that the schedule of sales of Petroperu is being maintained, but that it could be changed for technical reasons. Are there technical reasons?

[Pandolfi] For the moment the schedule is being maintained. I admit that it is a very tight schedule. But sometimes bidders ask for an extension because the procedures regarding the lots take three or four months. It would not be unusual for one of them to ask for an extension of the deadline, but we have nothing planned so far. The bidders are aware that the deadlines are very tight. Even more, in this case we are updating the information regarding the reserves.

[Anaya] There is discussion over the real size of these reserves. Some say that they are 280 million barrels, while others are sure they are 330 million barrels.

[Pandolfi] We are updating the reserves for Lots 8 and X with the United States auditing firm Buttler. There is a discrepancy between what Buttler estimates and what Petroperu thinks. Buttler is taking another look at its methodology, since we believed they were pessimistic. For its part, the company is refining its figures. For Lot 8/X we are talking about 74 million barrels of reserves and for Lot X/XI we are talking about reserves of 40 million barrels.

[Anaya] With regard to the updating of figures, Sapet [expansion not given] says that they had to stop drilling wells because the data the government gave them was out of date. Do you think that the data Petroperu is giving out now is accurate? Is there not a risk that in the future an excuse such as Sapet's could be used to avoid meeting investment commitments?

[Pandolfi] The information that we have is sufficient for bidders to be able to make a good bid.

[Anaya] How do you expect to increase production and crude oil reserves with the privatization process? Should this increase not be the result of prospecting and exploitation, which are already in the hands of the private sector?

[Pandolfi] The real situation of this company is that it has two oil fields with declining production and a pipeline working at 40 percent of capacity — which was installed for that declining production, which is also occurring in Oxy's fields. And, furthermore, with antiquated refineries. There has been no investment for many years.

[Anaya] What was Petroperu's level of investment in 1995?

[Pandolfi] In 1996, investments will be on the order of $130 million, of which $70 million will be used to avoid a drop in production of wells.

[Anaya] Is that not a low figure for an oil company? Or is it adequate for a company the size of Petroperu?

[Pandolfi] The figure is low, but in line with the company's resources.

[Anaya] Why turn over the pipeline to the private sector when it is so easy to administer?

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[Pandolfi] The pipeline's capacity is 200,000 barrels a day, and it now carries 80,000 barrels. Selling the pipeline would mean selling a monopoly. The pipeline must provide free access to everyone producing petroleum in the area.

[Anaya] But it is feared that, as production declines, the pipeline administrator will increase the charges to cover costs.

[Pandolfi] The reason for turning over the pipeline as a concession after Lot 8 is that, after finding an important bidder for the lot, there will be more interest in the pipeline. The matter of the pipeline will not be easy, given that it is working at only 40 percent of installed capacity. We are thinking in principle about establishing a cap on pipeline charges.

[Anaya] Would a cap on charges not make the pipeline less attractive?

[Pandolfi] Certainly, but we cannot permit charges to go too high. We are going to look for a formula to prevent charges from shooting up at the start, and — as the pipeline fills — for charges established by the Directorate of Hydrocarbons of the Ministry of Energy and Mines to go into effect.

[Anaya] In the event that some unit is not sold or transferred, for example the pipeline, what would happen?

[Pandolfi] There are bidders for the pipeline. But if that situation arose, Petroperu would have to continue to manage it until the situation changed.

[Anaya] That means that Petroperu will not disappear, as was proposed last December?

[Pandolfi] That is true. But Petroperu will not have the management role that it has today, but rather one of overseeing its interests in the various business units, as a minority share holder in the refineries, or as owner of "golden shares" and administrator of the Iquitos refinery. It would not conduct any other activity.

[Anaya] In what situations could the state exercise its veto right through the "golden shares?"

[Pandolfi] When there are changes in the stockholders of the company, in the event of a decision to shut down the operation, or to prevent changes in the statutes regarding the "golden shares."

[Anaya] What were the investment commitments required of Maple, in exchange for giving it the concession to the Pucallpa refinery?

[Pandolfi] Maple has a contract for prospecting and developing the Maquia and Aguas Calientes fields. Until July 1993, both fields together produced about 800 barrels a day. With this contract, Maple committed itself to develop the Aguaytia Gas Field of 255 billion cubic feet and to build a generating plant of 140 megawatts.

[Anaya] Is Maple complying with the contract?

[Pandolfi] In this case, details of the program minimum and investment commitments must be discussed with Peru-Petro. With Petroperu, Maple signed a rental contract for the Pucallpa refinery. It also has an accessory contract for the rental of offices and housing facilities.

[Anaya] Are the conditions for the privatization of the lubricant factory being changed? It is said that if Mobil acquires this plant, it could have a monopoly of the market.

[Pandolfi] Even if Mobil had an important share of the market, it would have to compete with other brands in the market as important as Mobil.

[Anaya] But does this not mean that it would have a "dominating position," as Minister Amado Yataco says?

[Pandolfi] I do not believe so. It would have to compete with others. Also, one of the plant's main products is the brand Petrolube.

[Anaya] But the requirement to keep the brand for two years was eliminated.

[Pandolfi] The requirement was eliminated, but I believe it would be foolish to drop the brand, because the 30 percent of the market it covers would be divided up among all the companies. If Mobil wins the bidding it will have to do a good job of marketing.

[Anaya] In Petroperu's previous privatization experience, the selection of bidders seems not to have been very good, because some do not fulfill their commitments and others apparently lack experience. Will bidder qualifications change during this phase?

[Pandolfi] We are being very strict as to bidder qualifications, because we would like all bidders to be highly qualified.

[Anaya] Will some level of investment or a certain period of experience be required?

[Pandolfi] That is correct. They will be required to have certain amounts of reserves, levels of average daily production, and experience in managing refineries of a specific size and complexity; and there will be a requirement as to net worth. Specifications as to prequalifications and qualifications are being prepared for each business unit.

[Anaya] With regard to the lots, is Petroperu able to place conditions on the bidders?

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[Pandolfi] Yes. We will set the conditions in agreement with Peru-Petro.

[Anaya] Will bidders who prequalified under the previous system have to be requalified?

[Pandolfi] Prequalified bidders will have to be newly qualified. Cepri reserves the right to make changes up to the moment of the auction. So far, six companies have been qualified for information and conditions for Petrolube.

[Anaya] Most Latin American countries have opted for integrated privatization of their petroleum industries. What is the technical basis for selling Petroperu in a fragmentary manner?

[Pandolfi] Because we have made a plan in accordance with Peruvian reality. We have a single petroleum enterprise which has a monopoly on refining and wholesale distribution, and we believe that the only way to assure competition is to privatize by parts.

[Anaya] Does this not diminish the profitability of a business that in most countries is integrated?

[Pandolfi] Not necessarily. Although vertical integration predominates in most countries, in recent years many firms have begun to specialize. We have seen that among bidders, there are many firms that devote themselves exclusively to refining, and very few seek vertical integration. We are going to facilitate vertical integration.

[Anaya] Once Petroperu is privatized, what will happen to AIG's [expansion unknown] debt and the 7.5 percent tax on sales of fuel?

[Pandolfi] We have discussed this with the Ministry of Economics and Finance, but we will have to reach a decision soon on AIG's debt, which is $125 million, because Petroperu does not have the revenues to cover that. The 7.5 percent tax will have to disappear, because it was created solely for Petroperu.

[Anaya] Since Petroperu will have no income this year because of the sale of its business units, how will the company live without those funds? Who will cover expenses?

[Pandolfi] We expect that Petroperu will enjoy good dividends from the shares it will hold. By giving up the units, we give up most of the burden.

[Anaya] Minister Dante Cordova said that the earlier privatizations are being evaluated. Does Cepri, which you head, have the responsibility for this evaluation in the case of Petroperu?

[Pandolfi] I understand that this evaluation will be done by Copri [Commission for the Promotion of Private Investment], which perhaps will have to determine whether investment commitments were met and whether or not the firms grew.

[Anaya] Finally, how much is Petroperu's debt as a firm, which one supposes the central government will have to assume? How much is the pipeline's debt, $547 million or $2 billion?

[Pandolfi] The size of Petroperu's debt may be different from what the state owes abroad. Petroperu made a series of payments for the pipeline. The $545 million includes debts for the pipeline, loans from Japeco [Japan-Peru Oil Company], the Eximbank, for current investments with the IBRD, and for technology. The state will have to assume a total short term debt of $252.3 million and $654.5 over the long term. But it can avoid the latter if it revokes a decree that requires the repurchase of certain shares and of short-term debt, if the AIG's debt remains.

Peru: Bolona Urges Acceleration of Reforms

96SM0149A Lima SI in Spanish 3 Feb 96 pp 34-35

[Commentary by former Economy Minister Carlos Bolona Behr: "With Everything Going for Him, Fujimori Has Not Capitalized on It"]

[FBIS Translated Text] Popularity is not something that is maintained forever; we should therefore not be surprised at the recent decline in President Fujimori's popularity. Everything that heads of government do entails a cost, including a cost in terms of their popularity.

You obviously lose the most popularity when things are not getting done. It is as if you are running and are being beaten with sticks. If you keep running and distract the person who is beating you, then the fellow has to be careful, but if you stand still, he is going to speed up the beating.

It seems to me that Fujimori had everything going for him but failed to capitalize on that fact. What he had to do was speed up the reforms and make progress in the areas of health, education, agriculture, privatization, and the opening up of markets rather than limit himself to dedicating schools, clinics, and highways.

Fujimori should realize that he cannot be more populist than Belaunde or Alan Garcia. No one can outdo them in that respect. Carrying out social projects of that type is all well and good, but it does not suffice as a government policy. Progress must be made in other fields.

Does Fujimori have to consider adopting a different economic policy in order to maintain his popularity? Garcia was the most unorthodox of presidents, and we

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know that he led us to disaster; so that is not the solution. The solution is to continue making basic progress. The president knows what must be done, but he has to have the will to do it. Now is the time. Fujimori holds all the right cards to win.

All of us in Peru want Fujimori's second term to be successful. We want him to be successful, although there will always be the prophets, the fatalists, who say: 18 months and five days from now, at 1400 hours, the model will break down.

The same thing happened to me when I was minister of economy. I had many prophets. In 1991 Manuel Moreyra and all the others were saying, "the model is breaking down." The model will not break down so long as things are done properly. Things will not automatically continue to turn out well, nor will they automatically turn out badly.

For example, the problem of the balance of payments is a reflection of the fiscal and monetary problem. To the extent that you put things in order; do not play games with fiscal or trade policy; do not decide to fix exchange rates or engage in interventions, which ultimately do more harm than good; allow your exchange rate to float as freely as possible, by maintaining the free inflow and outflow of capital; and maintain order in the fiscal and monetary area, then you ought not to have problems. The policy represented by the model must be maintained, so that domestic and foreign investors will feel it is safe to invest. Under those conditions, you will reap a harvest.

In Peru, privatization must be extended to many entities in the private sector—those entities that say to the government: "Give me a subsidy," or "give me this advantage," or "cut back on imports." These are not solutions for the problem of the balance of payments.

The model could break down if things are managed badly enough. We are currently in a recession because we inflated the economy enormously in the first half of 1995. If we continue to play the fiscal games, the model will not survive. We are paying the price for all this, but there is no reason to fear the vicissitudes of the market: the ups and downs are normal.

If you inflate the rate of economic growth to 13 percent for artificial reasons, you will have to deflate, and then you will enter a period of recession. It is not that the recession fell from the sky or that the IMF imposed it on you. The blame is ours, for having succumbed to the temptation to play fiscal games.

One of the major factors in the present situation is consumer credit. The financial institutions must be allowed to determine what the credit supply and credit demand will be. The government should not say: "I do not want you to buy an automobile, a juicer, or a microwave oven on credit." Let the consumer's pocketbook and the firms that grant credit make that decision. Let them see whether they lose money or make money: whether they get paid or do not get paid.

The government should not decide by decree how much you will buy for cash and how much on credit. I believe that even in Vietnam they do not concern themselves about such matters, and these artificial systems are already being abandoned in Cuba. It is absurd to regulate these matters by decree.

Investment, Balance, Adjustment, Recession, Depression, and Reality

	Reality: I Earn	Present: I Spend	Future: I Will Spend
Investment	$100	$80	$120
Balance	$100	$100	$100
Adjustment	$100	$120	$80
Recession	$100	$150	$50
Depression	$100	$180	$20

Uruguay

Uruguay: Army Confirms Explosion at Barracks

PY2003141996 Madrid EFE in Spanish
1324 GMT 20 Mar 96

[FBIS Translated Text] Montevideo, 20 Mar (EFE) — Military sources have reported that at least two Uruguayan soldiers were wounded today in an explosion inside Army barracks in Montevideo.

Neighbors of the military facility told Montevideo Radio Montecarlo that the explosion — the causes of which are still unknown — was "very strong."

The office of the Army commander in chief acknowledged that an accident had taken place and announced that an official communique explaining what had happened would be released shortly.

The barracks where the explosion took place is located in a densly populated area in the suburbs of Montevideo.

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Uruguay: Lithuanian President Holds News Conference

PY1903173096 Madrid EFE in Spanish 0326 GMT 16 Mar 96

[FBIS Translated Text] Montevideo, 15 Mar (EFE) — During a news conference with Uruguayan journalists, Lithuanian President Algirdas Brazauskas emphasized today that his country wants to establish a trade flow with Mercosur [Common Market of the South].

Brazauskas, who is paying an official visit to Uruguay, noted that, during his current tour of our region, he has grasped the great significance achieved by the agreement pursued by Argentina, Brazil, Paraguay, and Uruguay.

The visiting president, who today also met his Uruguayan counterpart, Julio Maria Sanguinetti, noted that his country has initiated a significant trade policy with Latin America and that, for the time being, Brazil has been the main purchaser of Lithuanian products. He said Brazilian purchases have been totaling $7 million, which represents an unimportant quantity within the framework of his country's overall trade balance.

Brazauskas chatted with the Uruguayan journalists after visiting the Latin American Integration Association (ALADI) headquarters in Montevideo. ALADI is comprised of 11 Latin American countries.

The Lithuanian president noted that his country is in a position to supply Latin American countries with electrical materials at very competitive prices, as well as audio equipment, television sets, dairy products, paper pulp, and glass.

Brazauskas also indicated that the goal of his tour involves enhancing Lithuania's ties with Latin America and promoting cooperation in every field.

Brazauskas is the first Lithuanian president to visit Uruguay. Today he participated in a lunch in his honor hosted by Sanguinetti at his official residence of Suarez.

The Lithuanian president ended his first day's busy agenda, visiting the Supreme Court and Congress, where he was met by a joint session of committees for international affairs of the Senate and the Chamber of Deputies.

At the Foreign Ministry on the evening of 15 March, members of the diplomatic corps accredited to Uruguay presented their respects to Brazauskas.

On 16 March Brazauskas will visit the posh beach resort of Punta del Este, 147 km east of Montevideo, and will have lunch with the vice president of the Republic, Hugo Batalla.

On the evening of 16 March, the Lithuanian president will meet the Lithuanian community of Montevideo at the Fatima Parish, in a Montevideo suburban district, and will participate in a dinner at the Lithuanian Club.

President Brazauskas, who arrived in Montevideo accompanied by his daughter, Laima Mertiniene, will end his visit to Uruguay on 17 March.

Venezuela

Venezuela: Drug Detection Radar Wanted in Venezuela

PA2103050296 Caracas EL NACIONAL in Spanish 16 Mar 96 p 2D

[FBIS Translated Text] The radar to detect narcotics that the United States will provide Venezuela must be placed in Venezuelan territory and run by the National Armed Forces, Lewis Perez Daboin, chairman of the Senate's Defense Committee, said, referring to the conversation he held with U.S. Secretary of Defense William Perry during his recent visit to the country.

Perez Daboin voiced his concern over the possibility that this drug detecting device may be placed in Colombian territory, exactly where the armed wing of drug traffickers, namely, the Colombian guerrilla, operates.

He also said that during a private meeting held with the Clinton administration representative, Perry was asked to provide greater assistance to Venezuela for the purpose of fighting the drug scourge.

Senator Perez Daboin told the Perry about Venezuela's concern over the increase in the drug trade and the need to draft plans together to eradicate this evil. "The secretary of defense was very receptive of the nation's problems, especially with regard to drugs. He told us" — Perez Daboin said — "that assistance mechanisms were going to be defined in order to have human resources, airplanes, and helicopters to help Venezuela."

No Change of Course Noticed

With regard to the reshuffling of the Caldera cabinet, Perez Daboin, who is also the Organization Secretary of the Democratic Action Party, said that despite the new faces in the cabinet, no change in the country's course is noticed.

"Regrettably, in two years of government, specific proposals have not been submitted yet as far as the economic policies are concerned. Despite this change, no defined trend for the future of Venezuela or the emergency cabinet that Caldera proposed are noticed," Lewis Perez Daboin added.

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Referring to the vote of censure on the finance minister, that Nelson Chitty La Roche, head of the Social Democratic Action Party bloc, is planning to propose, and which may have the support of the Radical Cause Party, Perez Daboin noted that Luis Raul Matos Azocar has yet to submit a specific economic project during his term in office.

Venezuela: Economic Measures Before IMF Visit

PA2003130796 Caracas Venezolana de Television Network in Spanish 1530 GMT 19 Mar 96

[Report by Zayda Pereira]

[FBIS Translated Text] Less than 24 hours before the arrival of the IMF mission, the coordination and planning and the development and foreign trade ministers announced a new package of economic measures, which the government will implement in the next few days. These measures will initially trigger a high inflation rate; however, according to estimates, this rate will decrease over the next few months.

The government decided to eliminate the application of isolated measures. That is why it has decided to increase gasoline prices, eliminate exchange controls, devaluate the bolivar, increase interest rates, and deregulate prices on regulated goods. The measures will have a strong impact on the national economy and the population in general, and it is expected that the nonpetroleum economy will slide.

The government will attempt to minimize the effects with social measures.

[Begin Coordination and Planning Minister Teodoro Petkoff recording] The country cannot be fooled, you cannot lie to the country. The initial effects of a stabilization and adjustment program tend to be hard for the population, because they involve an increase in prices. Subsequently, we will see a drop in the rate at which prices increase, with the result that inflation will become manageable. It will, of course, lead to an increase in the people's real purchasing power. [end recording]

The Development and Foreign Trade Ministry is working on strategies to eliminate exchange controls, because it is believed that with the rise in the currency's exchange rate, the prices of products will have to return to their real levels. Once they reach a ceiling, prices should stabilize.

[Begin Development Minister Freddy Rojas Parra recording] What we have to do at this point is to restore the Venezuelan economy's equilibrium, especially to establish a more reliable macroeconomic position in order to make the economy grow in the near future. [end recording]

The economic cabinet will meet with the productive sector on Wednesday, 20 March, to explain the measures that will be adopted, so that it can cooperate with their implementation.

[Begin Simon Nobile, president of the Venezuelan Food Industry Chamber, recording] If we all commit ourselves to it, we believe that the measures will be successful and we will come out ahead in the midterm. That is the most important thing. [end recording]

The Coordination and Planning Ministry does not believe in the possibility of a budget extension, because it believes that would be adverse for the country.

Venezuela: Government Workers Begin 48-Hour Strike

PA2003220296 Mexico City NOTIMEX in Spanish 1611 GMT 20 Mar 96

[FBIS Translated Text] Caracas, 20 Mar (NOTIMEX) — Approximately 700,000 government workers began a 48-hour strike called by the United Federation of Public Workers (FUEP) of Venezuela to protest the government's rejection of its salary demands.

FUEP President Carlos Borges said that the collective agreement signed in 1994 expired on December 1995. However, the government has refused to grant new salary increases.

Borges argued that in 1995 the official inflation rate was 56.6 percent, while the annual price adjustment was 73 percent in the last 12 months ending on February 1996.

Government offices will not open their doors today, Wednesday, and tomorrow, Thursday, in keeping with the FUEP's decision to go on strike. This measure is a part of a plan orchestrated by the Venezuelan Workers Confederation (CTV) and the government workers' union to pressure President Rafael Caldera's administration to increase wages.

Unofficial sources revealed that in the next few hours the workers will announce new measures to be taken throughout Venezuelan territory to continue their protest in demand for wage increases.

Last week approximately 700,000 government workers carried out staggered 12- hour strikes for two consecutive days. However, the wage conflict situation continues at an impasse, therefore an increase in the pressure exerted against the government has been announced.

Until now, the government has offered only a salary of 40,000 bolivars per month, approximately $137.90,

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while government workers' expectations fluctuate from 120,000 to 220,000 bolivars, between $413 to $758 per month.

Last night hundreds of government workers carried out peaceful marches in the most important cities in Venezuela: Cumana, San Cristobal, Barinas, Valera, San Fernando de Apure, Acarigua, and San Carlos. According to union sources, these events are the second stage of marches called by the CTV to demand higher wages throughout Venezuelan territory.

Last week, the CTV led a huge protest march against the government in Caracas in which 20,000 workers chanted slogans against President Caldera's economic policy.

According to union estimates, the basic food basket in Venezuela is 61,000 bolivars, approximately $210.30 per month. Therefore, the workers insist that the minimum salary should be a least equal to that amount.

Recently, the government issued a decree increasing the private sector workers' minimum wage 70 percent, increasing their salaries from $106.80 to $182.00, including subsidies for food and transportation.

However, the government rejected salary increases for its workers claiming that it lacked the funds to support a wage increase, a situation which has irritated the government workers unions.

Venezuela: Lithuanian President Makes Official Visit

LD2103064796 Moscow ITAR-TASS World Service in Russian 0419 GMT 21 Mar 96

[By ITAR-TASS correspondent Andrey Golubov]

[FBIS Translated Text] Caracas, 21 Mar — Lithuanian President Algirdas Brazauskas arrived in Venezuela on a three day-visit on 20 March to find ways of expanding and diversifying trade and economic ties with this South American country and in the hope of achieving greater energy independence.

After noting in a short speech at "Simon Bolivar" Airport that Venezuela and Lithuania are very similar in their adherence to the ideals of freedom and independence, Brazauskas stressed that "over the last few years, after 50 years of occupation, Lithuania, as a free and independent state, is restoring old ties and establishing new mutually beneficial ties, first and foremost in the field of trade and economic cooperation."

During his stay in Venezuela, the Lithuanian leader will meet President Rafael Caldera. He will also hold talks with Erwin Arrieta, the minister of energy and mining, and Luis Giusti, president of the state oil company "Petroleos de Venezuela."

The ITAR-TASS correspondent has learned that during the visit at least two bilateral agreements will be signed: On the development and expansion of trade and economic cooperation, as well as on large-scale purchases by Lithuania of so-called "orimulsion" or "bitumen mixture" from Venezuela, which represents some of Venezuela's latest know-how in the energy sphere. Lithuania intends to replace the 1.5 million metric tons of coal currently burned to obtain electricity with purchases of this type of fuel, which is produced from heavy sorts of oil mixed with water at high pressure and heating.

A trip to the state of Monagas, where the firm "Bitor" produces this petroleum product in the little town of Morichal, figures in Brazauskas itinerary, but has not yet been confirmed. Lithuania purchased a trial batch of the petroleum product almost a year ago.

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